

**Price:** 337

**Recommendation:** Buy

**Industry:** Hotels & Resorts

**Sector:** Consumer Discretionary

**Report Date:** 22-Mar-2025

Kamat Hotels (India) Limited has shown strong performance in Q3 FY25, focusing on expanding its geographical presence and improving operational efficiency. The company is opening new properties, like the Orchid Hotel in Goa, and upgrading existing ones, such as Pune Orchid. This is part of the KHIL 3.0 strategy to boost average room rates and revenue. Kamat Hotels is also enhancing customer loyalty through partnerships and digital marketing, aiming for sustainable growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	262 Cr	Operating Profit(Year)	71.1 Cr	Operating Profit Margin	27.1 %
Previous Year	224 Cr	Operating Profit(Quarter)	33.9 Cr	EBITDA Margin	34.05 %
Current Quarter	84.8 Cr	PAT (Year)	19.2 Cr	Net Profit Margin	8.60 %
Previous Quarter	65.0 Cr	PAT (Quarter)	25.2 Cr	EPS	13.0
Revenue (QYoY)	62.8 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	26.0	Sales Growth	17.6 %	Sales Growth	30.46 %
PEG Ratio	-4.87	PAT Growth	-71.04 %	Sales Growth QYoY	35.03 %
EV/EBITDA	11.2	EPS Growth	-25.71 %	PAT Growth	119.13 %
P/B	2.96	Dividend Yield	0.00	PAT Growth QYoY	129.09 %
Capital Allocation		Holdings		Leverage	
RoE	7.09 %	Promoter	57.8 %	Debt/Equity	0.41
RoA	3.12 %	FII	0.00 %	Debt	137 Cr
RoCE	15.5 %	DII	4.53 %	Market Cap	993 Cr
RoIC	44.4 %	Public	37.7 %	Enterprise value	1116 Cr
		No of Shares	2.95 Cr	Cash Equivalents	14.6 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

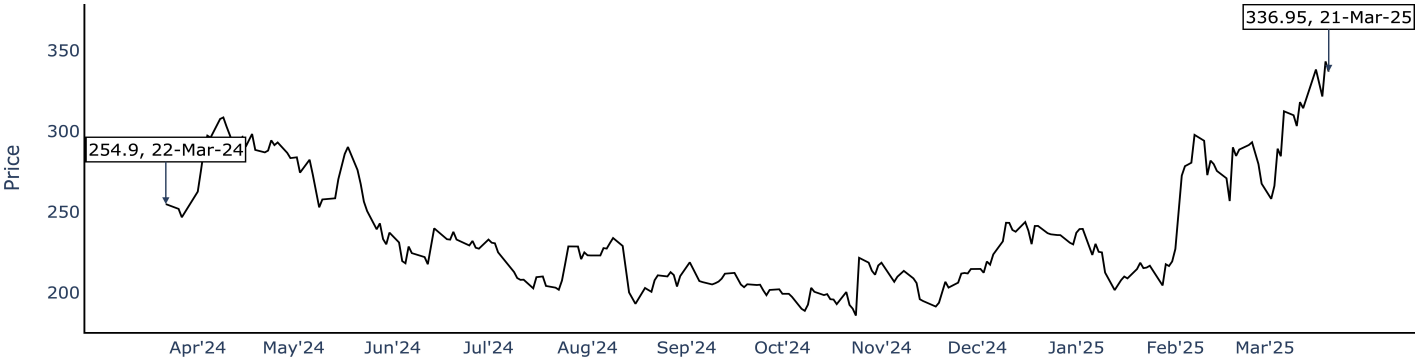
Kamat Hotels (India) Limited has demonstrated a robust performance in the third quarter of FY25, with strategic initiatives aimed at expanding its geographical footprint and enhancing operational efficiencies. The company has opened new properties, such as the Orchid Hotel in Goa, and is upgrading existing ones like the Pune Orchid, which is set to increase its room capacity from 410 to 500 over the next 12 to 15 months. This expansion is part of the KHIL 3.0 strategy, which aims to increase the average room rate (ARR) and overall revenue. The company is also focusing on reducing costs through technological enhancements and maintaining a customer-centric approach, which has resulted in a high repeat customer rate of 34%.

The company's diversification strategy includes a mix of new and legacy properties, with new properties contributing 35% to the revenue, indicating a shift towards reducing dependency on traditional core hotels. This balance is expected to reach a 50-50 contribution in the near future. Kamat Hotels is also exploring partnerships to expand its rewards program, aiming to include benefits with banks and other firms, thereby enhancing customer loyalty and engagement. The company is leveraging digital media and online marketing to drive sales, with approximately 150 crore in revenue coming from digital streams.

Looking ahead, Kamat Hotels plans to open several new properties, including hotels in Hyderabad, Bhavnagar, Dehradun, and Gwalior, by the end of the year. The company is targeting a 60-65% occupancy rate for these new properties in their first year, with an expected EBITDA margin of around 30%. The focus on technology and social media is expected to drive traffic and increase ARR, positioning the company for sustainable growth. The management is confident in achieving a 100 crore EBITDA, supported by a strong team and strategic initiatives.

While the company has shown impressive growth, there are areas for improvement. The occupancy rate for some properties, like the Mahodadhi Palace, has decreased due to ongoing project work, affecting ARR. The company acknowledges these challenges and is working towards resolving them. Additionally, while the current EBITDA margin is close to 40%, the company aims to maintain a standard benchmark of 35% as it continues to streamline operations and expand its portfolio. Overall, Kamat Hotels is well-positioned for future growth, with a clear strategy and a focus on enhancing customer experience and operational efficiency.

KAMATHOTEL Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Kamat Hotels	992.89	25.95	7.09%	30.44%	35.05%	119.27%	128.84%
Mahindra Holiday	6605.96	49.09	24.03%	1.14%	6.87%	203.48%	230.86%
ITC Hotels	41392.41					39.62%	
EIH	24085.90	34.24	17.62%	35.85%	7.95%	102.47%	12.43%
Ventive Hospital	18523.35	112.21	65.74%	20.73%	23.14%	59.29%	-23.65%

Aspect	Commentary
Revenue	The company shows a robust revenue increase, with a significant rise in both annual and quarterly figures. This growth indicates strong market demand and effective sales strategies, contributing to the company's financial health and potential for future expansion.
Profit & Loss	Operating profit and PAT figures reveal a mixed performance, with a strong quarterly PAT but a decline in annual PAT. This suggests effective cost management in the short term but highlights challenges in sustaining profitability over the year.
Profitability Matrix	The company maintains healthy profitability margins, with a notable operating profit margin. However, the net profit margin indicates room for improvement in cost efficiency and revenue management to enhance overall profitability.
Valuation Matrix	Valuation metrics suggest the company is reasonably valued, with a moderate P/E ratio. The negative PEG ratio indicates potential growth challenges, while the EV/EBITDA and P/B ratios reflect a balanced market perception.
Growth (YoY)	Year-over-year growth metrics show a positive sales trend but a significant decline in PAT and EPS growth. This disparity highlights the need for strategic adjustments to convert sales growth into sustainable profit increases.
Growth (QoQ)	Quarter-over-quarter growth is strong, with impressive sales and PAT growth. This indicates effective short-term strategies and operational improvements, positioning the company well for continued quarterly performance gains.
Capital Allocation	The company demonstrates efficient capital allocation, with a strong RoIC and RoCE. These metrics suggest effective use of capital to generate returns, supporting long-term financial stability and shareholder value.
Holdings	The ownership structure is stable, with a majority held by promoters. The absence of FII indicates limited foreign interest, while public and DII holdings suggest a balanced domestic investment base.
Leverage	The company's leverage is moderate, with a manageable debt-to-equity ratio. This indicates a prudent approach to debt management, ensuring financial flexibility and reducing risk associated with high leverage.

**Analyst viewpoint:** Kamat Hotels (India) Limited is poised for substantial growth, with an impressive quarterly sales increase of 30.44% and PAT growth of 119.27%. This reflects the company's adeptness in capitalizing on robust market demand, coupled with strategic initiatives such as the launch of new properties like the Orchid Hotel in Goa and the expansion of existing ones like the Pune Orchid. The company's KHIL 3.0 strategy is designed to enhance average room rates and bolster overall revenues, positioning Kamat Hotels for continued success in the competitive hospitality sector. The operational margins remain strong, evidenced by a 34.05% EBITDA margin, and the focus on digital marketing and partnerships is expected to further enhance customer loyalty and engagement.

Despite the promising short to mid-term outlook, Kamat Hotels should address the declining occupancy rates at properties like Mahodadhi Palace. This concern, alongside a downward annual PAT, albeit mitigated by a strong quarterly performance, signals areas for operational improvement as the company works toward sustaining its ambitious growth trajectory. With a solid foundation anchored by a well-rounded capital allocation, including a high RoCE of 15.5% and stable debt-to-equity ratio of 0.41, Kamat Hotels is well-positioned to achieve its strategic objectives while remaining aware of areas needing enhancement.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)