

## Oriental Hotels Ltd.

**Date: 17 July 2025**
**Price: 162**
**Action: BUY**

Industry/Sector	Target Price	Upside Potential	Investment Duration
Hospitality- Hotels	191 to 201	18% to 24%	9 to 12 Months

### About Company:

- Oriental Hotels Limited (OHL) is an associate company of The Indian Hotels Company Limited (IHCL) and has cultivated a partnership with IHCL spanning more than 5 decades. The company has 7 hotels – Taj Coromandel, Chennai Taj Fisherman's Cove Resort & Spa, Chennai Taj Malabar Resort & Spa, Cochin, Vivanta Coimbatore, Vivanta Mangalore, Gateway Madurai and Gateway Coonoor – an IHCL SeleQtions hotel.
- The Company operates with a total inventory of 825 rooms (including 59 suites) and employ over 1,200 people (includes permanent and contractual staff).
- It operates all its brands under the IHCL brands of Taj, SeleQtions, Vivanta and Gateway, the company provides management fees to IHCL for using its brands.
- Out of 7 hotels-3 are owned, 2 are leased and 2 are licensed hotels.
- Promoter's holdings are 67.55% as of 30 June 2025 (IHCL and its associates together hold approximately 39% and Reddy family holds 28.5%).

### Q1 FY26 (April-June 2025) Financial Performance:

- Hotel Industry is a seasonal business – Q3 & Q4 (Oct to March) are strong quarters compared to Q1 7 Q1. Therefore, such business performance will be compared YoY rather than QoQ.
- In Q1FY26- EBITDA margins improved significantly from 14% to 24% and PAT grew by 7 times YoY.

Oriental Hotels ( Q1 FY 26 Results ) - Consolidated							
Amounts In Cr.	Q4 FY25	Q1 FY26	QoQ Growth		Q1 FY25	Q1 FY26	YoY Growth
Operating Revenue	132.53	107.65	-18.77%		82	107.65	31.28%
Operating Profit	39.03	25.63	-34.33%		11.7	25.63	119.06%
OPM % Without OI	29.45%	23.81%			14.27%	23.81%	
Other Income	1.1	0.32			1	0.32	
Total PAT (Net Profit)	19.4	6.63	-65.82%		-1.35	6.63	591.11%
PAT Margins %	14.64%	6.16%			-1.65%	6.16%	

## Potential Future Growth Possibilities:

- **Strategic Enhancements Across Oriental Hotels Portfolio:-** In FY25, the company undertook significant strategic initiatives across its property portfolio, aiming to enhance guest experience, optimize operational efficiency and drive financial performance. These initiatives include major renovations, ballroom upgrades and brand repositioning, all designed to capture higher-value market segments (luxury segment customers).
1. **Taj Malabar, Cochin (93 keys and 9 suites): Comprehensive Renovation and Repositioning in early 2024**
    - This extensive refurbishment encompassed guest rooms, public areas, food and beverage outlets and back-of-house operations. The strategic objective of this renovation was to reposition the hotel to attract higher-value leisure and Meetings, Incentives, Conferences and Exhibitions (MICE) segments, leveraging improved facilities and enhanced guest services.
  2. **Taj Coromandel (comprising 212 keys and 11 suites), Chennai: Ballroom Upgrade and Holistic Enhancements**
    - This renovation aimed to establish a more elegant & modern setting suitable for a diverse range of events & celebrations. Concurrently, comprehensive enhancements were implemented throughout hotel to elevate the overall guest experience, improve comfort & refine service quality, reinforcing its luxury positioning.
  3. **Brand Migration for Madurai and Coonoor Properties**
    - During the Q2FY25, properties in Madurai (63 keys and 2 suites) and Coonoor (32 keys and 12 suites) were strategically migrated to the refreshed Gateway brand. This alignment with The Indian Hotels Company Limited's (IHCL) broader brand architecture strategy ensures consistency in guest experience and optimizes market positioning in line with evolving industry trends.
- These concerted efforts across all 4 hotels are projected to yield substantial financial benefits (improvement in Average Daily Rate (ADR), Revenue Per Available Room (RevPAR) and drive stronger occupancy levels).

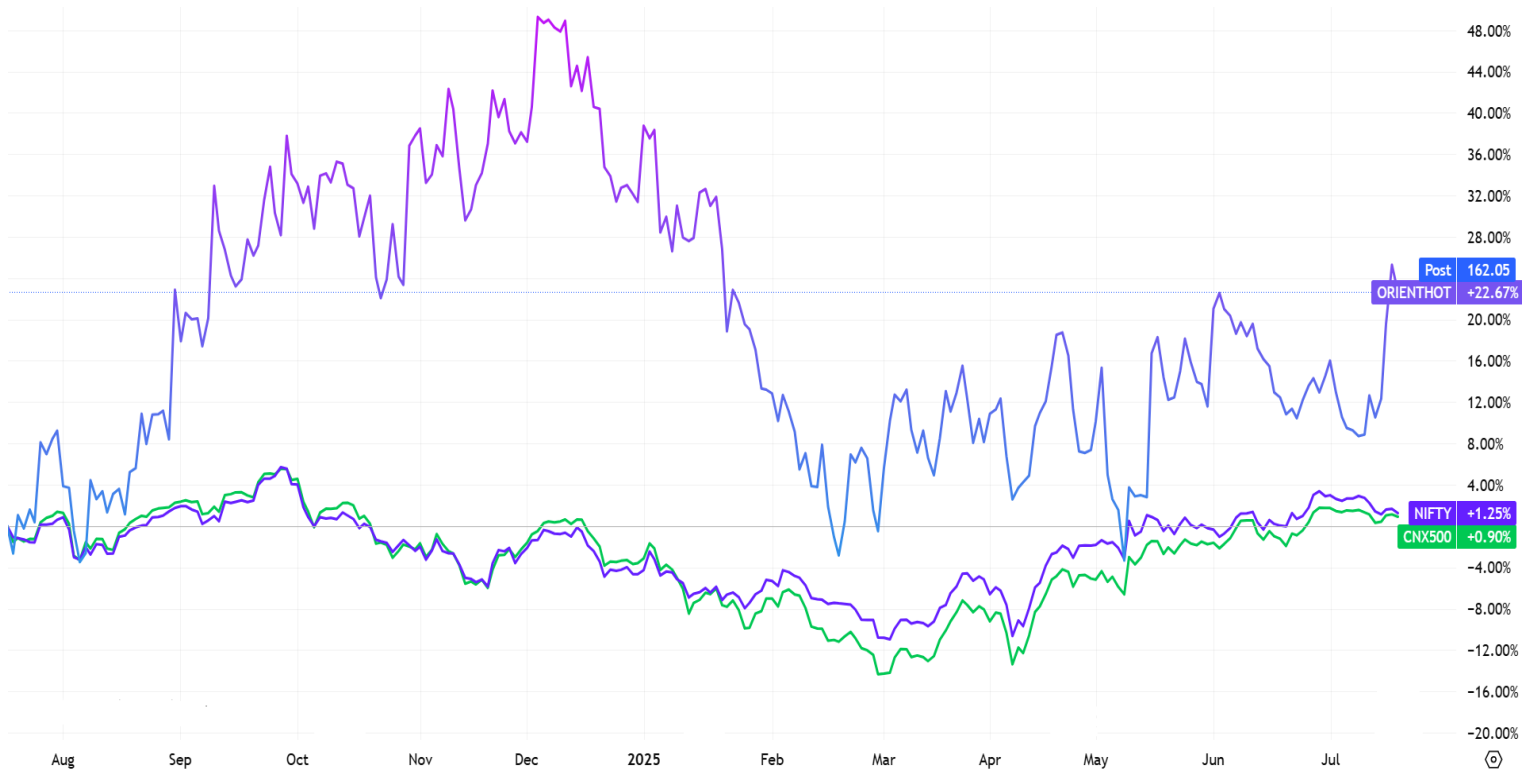
## Valuations:

Oriental Hotels	
Market Cap (INR Cr.)	2,894
CMP	162
P/E Ratio	61.4
EV/EBITDA	24.2
PEG Ratio	2.5
Debt-to-Equity (D/E)	0.34

## Conclusion:

- Our outlook on Oriental Hotels is positive and recommend a BUY at the current market price for investors with a medium- to long-term horizon.
- Notably, company had consistently delivered EBITDA margins in the range of 25 to 27%, while achieving revenue and profit growth of 25% and 58% CAGR over the past 3 years respectively.
- In FY25, Oriental Hotels undertook several strategic initiatives across its 4 properties aimed at strengthening core performance metrics such as ADR, RevPAR and occupancy levels. These concerted efforts are projected to yield substantial financial benefits in the coming quarters.
- We believe that Oriental Hotel management can navigate potential future risks and deliver projected PAT growth of 22–25% in FY26. Based on the strong fundamentals, consistent financial performance, potential improvements in business financials and reasonable valuations relative to earnings growth, we estimate an upside potential of 18 to 24% over the next 9 to 12 months.

## 1 Yr. Return Movement Comparison b/w Oriental Hotel and Benchmarks (Nifty50 & Nifty500):



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