Sector: Hotels & Resorts RESULT REVIEW Q4&FY25 Declared On: 27 May 2025

Royal Orchid Hotels Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs366	10.0	Hold	Rs420	15%

as on 06th June, 2025

About the Company:

Royal Orchid Hotels Limited (ROHL) was incorporated in Bangalore in January, 1986 as a public limited company under the name and style of University Resorts Ltd, later renamed to ROHL. The company primarily operates 5 and 4-star hotels, enabling it to target discerning business and leisure travelers. As of date, there are 115+ hotels across India. With multiple hotel brands, ROHL has successfully captured the attention of the most judicious and demanding clientele in terms of luxury, comfort and value for money. It has received accolades by the Indian National Trust for Art and Cultural Heritage (INTACH), Best Oriental Restaurant 2006 by the Times Food Guide for Ginseng and Galileo Express Travel Award in 2008. The company is managed by a team of experienced and professional managers in the field of hospitality industry and currently Mr.Chander Baljee is the Managing Director and the Chairman of the company.

Results: Quick Glance:

- The net sales for the quarter grew by 13.8% to Rs867mn as compared to Rs762mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 22.9% as compared to 23.3% in Q4FY24
- The net profit after the share of associates came in at Rs131mn as against Rs167mn in the comparative quarter
- The EPS for the quarter ending March, 2025 stands at Rs4.79 as against Rs6.06 in the comparative quarter
- For the full year, the revenue grew by 8.8% and PAT de-grew by 6.5%; while the Ebitda margins stood at 22.8%
- The Board has recommended a final dividend of Rs2.5 per equity share of Rs10 each for FY25

Conference Call Highlights:

- The key count as on March, 2025 stood at 6,929 and the company presently operates 115+ hotels. The count inclusive of signed properties stands at 9,583. For new hotel additions, ROHL added 963+ keys with 14+ hotels in FY25 (Q4FY25: 3 properties with 226 keys). The Management has indicated on the upcoming hotels to be ~30+ hotels with a key count of ~2,357+
- The consolidated revenue breakup for Q4FY25 stood as: Owned: Rs328mn, Lease/Revenue share: Rs342mn, JV/Associates: Rs181mn and Managed hotels: Rs115mn
- For Q4FY25, the average occupancy for JLO stood at: 72% while that for managed: 63%; the average room rate for JLO came in at Rs6,137 while that for managed properties stood at Rs4,127. For FY25, the average occupancy for JLO stood at: 71% while that for managed: 62%; the average room rate for JLO came in at Rs5,685 while that for managed properties stood at Rs3,993
- The room revenue breakup (inclusive of managed hotels) for Q4FY25 came in as: ROHL website at ~Rs54mn, Online Travel Agents (OTAs) at ~Rs397mn, regional sales office at ~Rs381mn, direct at ~Rs758mn and others at ~Rs16mn. The segment wise room revenue (inclusive of managed hotels) for Q4FY25 stood as: business at ~Rs921mn, leisure at ~Rs501mn, bleisure at ~Rs98mn and pilgrimage at ~Rs95mn
- Recently, (i) the company has launched its 1st property; Regenta Waterfront Resort-Dapoli (100 keys) in Ratnagiri district and is operational since 15th May, 2025, (ii) Regenta Resort Mysore (37 keys) is expected to be operational from June 2025. Regenta Resort at Statue of Unity, Gujarat (49 keys) is operational since 3rd Feb'25
- With regard to the Mumbai hotel branded as **ICONIQA** (292 rooms); the hotel is located near T2 international airport and the Management expects the bookings to start from 15th June with an estimated ARR of ~Rs7000-8000+. As stated earlier, the property is on a lease agreement for which ROHL has already given a refundable deposit worth Rs400mn. An additional cost of Rs150mn (this will be recovered from the 2nd year itself) will be incurred for this property. The Management expects revenues from this property to the tune of Rs750mn for 9MFY26; and thereafter from next year onwards, it anticipates revenues worth ~Rs1000mn
- The Regenta rewards is a seamless, tech-powered solution that boosts guest engagement and drive revenue. ROHL has observed ~14-18% repeat business driven by this platform

Financials:

Performance (Q4&FY25)									
Q4&FY25 Result (Rs mn)	**Mar-25**	**Mar-24**	**y-o-y**	**Dec-24**	**q-o-q**	**FY25**	**FY24**	**y-o-y**	**FY26E**
Total Revenue	867	762	13.8%	893	(2.9%)	3195	2936	8.8%	4080
EBITDA	199	178	12.1%	251	(20.5%)	731	761	(3.9%)	942
Other Income	56	61	(8.2%)	56	0.7%	237	191	24.2%	238
Interest	40	44	(9.4%)	40	1.1%	166	183	(9.2%)	203
Depreciation	51	52	(3.2%)	51	(0.5%)	207	199	4.4%	232
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	50	(10)	-	52	(3.8%)	164	97	69.0%	205
Share of Associates	17	15	13.1%	18	(3.3%)	44	35	26.3%	44
Net Profit (after asso.)	**131**	**167**	**(21.2%)**	**181**	**(27.4%)**	**475**	**508**	**(6.5%)**	**585**

Outlook and Recommendations:

The company has reported a decent performance for the quarter and the full year. Although the revenues for the quarter reported a growth of 13.8% on a y-o-y basis; the Ebitda margins were slightly lower and stood at 22.9% for Q4FY25 and 22.8% in FY25. This was primarily due to the renewal of the lease contract for a period of 30 years for the Bangalore property for which the company incurred an expense of ~Rs26mn (increased other expenses on a y-o-y basis). The incremental expense pertaining to the renewal coupled with a DTA of ~Rs52mn in Q4FY24 and ~Rs59mn in FY24 led to an overall drop in the PAT growth by ~21% in Q4FY25 and ~7% in FY25. For the full year, the room nights and F&B has reported a decent growth as compared to FY24. In FY25, the RevPAR has registered a growth of 6% while ARR witnessed a growth of 35%. The management fee registered a growth of 16.7% in FY25 and came in at Rs28mn (management fee from new properties). The Management expects the ARR/ADR to continue to grow at ~5-8% going forward as well. The average occupancy as of March stands at ~70-72%. In terms of expansion of properties; the Management has an ambitious target to scale up to ~200+ hotels with the focus continuing to remain on management contracts and franchise. By FY30E, the vision is to scale up to 345+ hotels (FY25: 115+) with a total key count of ~22,000+ (FY25: 9,583 keys inclusive of signed hotels). This will be a function of scaling the brands, growth from Iconiqa and targeted ~25% ROCE. The Management envisions to achieve an organic topline of ~Rs5,500-6,000mn by FY27E. The company continues to focus on premium pricing and strategic expansions into high growth markets from a long term perspective. The ambitious target in terms of topline, addition of properties is expected to boost the ARR over the medium to long term perspective. One of the key properties that the company is betting on is Iconiqa; introduced as a new lifestyle brand in the heart of the Mumbai city (bookings to start from 15th June, 2025). The Management has chalked Rs1,000mn kind of revenues from this property from FY27E onwards; immense growth to the overall ARR for ROHL. The company has been working towards creating a versatile brand portfolio with offerings from upscale resorts to budget friendly options. The strong foothold through focus on management contracts should also contribute to higher growth. There is a blend of asset light and flexi lease hotels that the company is working on. The company has been working on 2.0 version of growth and scalability with addition of the next generation in the managing league. We maintain a conservative view with a Hold at the current valuations for a target of Rs420 closely watching how the planned targets in terms of revenues, ARR growth, addition of hotels surfaces for ROHL.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai—400053, Maharashtra

www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Ms. Neha Oza,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500.

Grievance Officer:
Email: grievancecell@progressiveshares.com