



BUY @ CMP INR 515

Target: INR 700 in 24 months

Upside Potential: 35.9%

## Ambitious 2030 growth plan and asset-light strategy

**Business Model** – Royal Orchid Hotels Ltd (ROHL) operates and manages mid-to-upscale hotels under its own brands. The company currently has a portfolio of 9,583 rooms in 78 locations across India.

India's hotel industry is undergoing a structural shift, driven by demand-supply gap, rising domestic travel, pro-growth policies, and accelerating demand for business-oriented stays. ROHL, an Indian hospitality brand, is well-positioned to capitalize on India's evolving hospitality landscape, and the company is transforming into a technology-driven, asset-light hotel chain. ROHL's 'Vision 2030' aims to grow from the current 115 hotels & 9,583 rooms (6,929 operational and 2,654 under development) to +345 hotels & +22,000 rooms by 2030. The target is to reach every district which has potential to attract tourists or business travelers. This growth will be achieved in an asset-light manner, primarily through franchisee properties, where ROHL will earn management fees by licensing its brand to local hotels. The initial capex required for these properties will be minimal, primarily for standardizing them to 'Royal Orchid' quality, with ongoing maintenance capex thereafter. This expansion will accelerate brand visibility across India, positioning ROHL among the largest hotel chains in the country.

The company has created a versatile brand portfolio with offerings for every traveler, ranging from upscale resorts to budget-friendly options. ROHL is implementing a structured brand portfolio:

- **ICONIQA (Upper Upscale & Luxury):** Opened 1 in Mumbai and targeting 8 more by 2030. Owned or leased hotels with high management and financial inclusion.
- **Crestoria (Upscale):** Opened 2 and targeting 27 more by 2030. Mostly owned and leased hotels.
- **Regenta (Four-star Upper Midscale):** Currently operating 15 hotels and targeting 30 more by 2030. Mostly owned and leased hotels.
- **Regenta Place (Midscale):** Currently operating 15 hotels and targeting 50 more by 2030. Mostly franchisee hotels.
- **Regenta Zed (Economy):** Currently operating 85 hotels and targeting 120 more by 2030. Franchisee hotels with minimal management and financial inclusion

The company reported FY25 net revenue of INR 319 cr and targets INR 450–480 cr in FY26, INR 550–600 cr in FY27 and ~INR 1300 cr by FY30. ARR is expected to grow 5–8% with ~75% occupancy. The current gross debt is INR 100 cr, and ROHL aims for an asset-light model, using FCF selectively for expansion and debt repayment, primarily relying on internal accruals for growth. Over FY25–28E, ROHL's revenue, EBITDA & net earnings are projected to grow at a CAGR of 24.8%, 26.2% & 23.8%, respectively, reaching INR 621 cr, INR 147 cr & INR 90 cr. Our estimates are lower than management targets as we have taken a conservative approach in our forecast. EBITDA margins are expected to expand by 80bps to 23.7%, while net margins could decline by 34bps to 14.4% due to an increase in lease expenses. Strong operating performance is expected to improve return ratios – RoE & RoIC could improve by 110bps to 21.6% and 660bps to 25.7% by FY28E.

**Valuation call** – At the CMP of INR515, ROHL is trading at FY28 P/E of 15.8X. We recommend BUY with a DCF price target of INR700 (21.4X FY28 P/E), representing an upside of 35.9%.

Key consolidated financial data (INR Cr, unless specified)

	Net Revenue	EBITDA	Adj. Net Profit	EBITDA (%)	Adj Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/EBITDA (X)
FY24	293.6	76.1	48.5	25.9	16.5	17.7	75.9	25.4	27.2	29.1	18.8
FY25	319.5	73.1	47.2	22.9	14.8	17.2	90.1	20.5	19.1	29.9	19.9
FY26E	396.9	91.7	58.8	23.1	14.8	21.4	108.3	20.9	21.6	24.0	15.8
FY27E	502.4	116.6	70.7	23.2	14.1	25.8	130.1	20.8	23.5	20.0	12.5
FY28E	620.5	146.9	89.7	23.7	14.4	32.7	157.5	21.6	25.7	15.8	9.8

Industry Hospitality

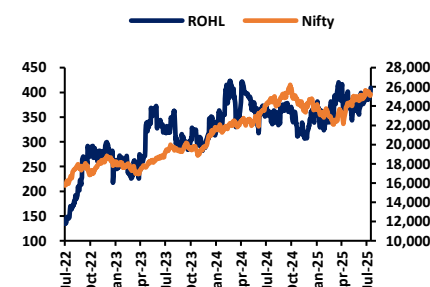
### Scrip Details

Face Value (INR)	10.0
Market Cap (INR Cr)	1,413
Price (INR)	515
No of Sh O/S (Cr)	2.7
3M Avg Vol (000)	59.6
52W H/L (INR)	430/301
Dividend Yield (%)	0.49

Shareholding (%) Jun 2025

Promoter	63.9
Institution	8.5
Public	27.6
<b>TOTAL</b>	<b>100.0</b>

### Price Chart



### Financial Growth – Past vs Projection

