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Date: February 16, 2024

To,
The Manager,
Department of Corporate Services,
Bombay Stock Exchange Limited
Floor 25, P. J. Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 532699

To,
The Manager,
Department of Corporate Services,
National Stock Exchange of India Limited,
Exchange Plaza, Plot no. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
NSE Scrip Symbol: ROHLTD

Dear Sir/Madam,

Re: Transcript of the Earnings Conference Call for the Third Quarter ended December 31, 2023

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed the transcript of the earnings conference call for the Third Quarter ended December 31, 2023 held on February 12, 2024 for your information and records.

The above information is also available on the website of the Company <https://www.royalorchidhotels.com/>

Thanking You.

Yours Faithfully,
For **Royal Orchid Hotels Limited**

Amit Jaiswal
Chief Financial Officer

Encl:A/A



Royal Orchid Hotels Limited

Q3 & 9M FY24

POST RESULT CONFERENCE CALL

Management Team

Chander K. Baljee - Chairman and Managing Director

Philip Logan - Chief Operating Officer

Amit Jaiswal - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Moderator: Ladies and gentlemen, I welcome you all to the Q3 FY24 Post Earnings Conference Call of Royal Orchid Hotels Limited.

Today on the call from the management, we have with us, Mr. Chander K. Baljee, Chairman and Managing Director; Mr. Philip Logan, Chief Operating Officer; Mr. Amit Jaiswal, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder, that this call is being recorded.

I would now request the management to retail us about the performance highlights for the quarter that went by, the growth plan and the vision for the coming year. Post which, we will open the floor for the Q&A. Over to you, sir.

Chander K. Baljee: Good afternoon, and warm welcome to everyone. Thank you for joining us for the Royal Orchid Hotels Limited Earnings Conference Call for the third quarter for the financial year '23-'24. Please note that the Q3 results, press release and investor presentations are available on the exchanges. I hope you have had the opportunity to browse through the highlights of the performance.

Since April '23 onwards we have seen good business, which is evident from the financial results of the earlier quarters as well as this quarter. In fact, we have built on the success and have added five hotels with 210 keys in Q3, and we have added 20 hotels with 1,039 keys since April which is a record of sorts. The company has posted good growth because of its strong business model and effective risk mitigation strategy.

We are working to post better margins than what our company has witnessed in the recent past. Financial highlights for the company for the third quarter ended December 31 on a standalone basis are as follows. Standalone revenue from operations for Q3 was INR54.74 crores as compared to INR48.39 crores in Q2, a growth of 13%. This is attributable to increase in new revenue share hotels. Standalone EBITDA for Q3 were INR19.79 crore as compared to INR17.36 crores, an increase of 14%. Standalone PAT before exceptional items of Q3 stood at INR9.28 crores as compared to INR8.2 crores in Q3 last year, an increase of 13%.

Consolidated revenue from operations for Q3 was INR86.61 crores as compared to INR76.53 crores in Q3 of '23, a growth of 13%. This is attributed to increase in new revenue share hotels. Consolidated EBITDA for Q3 was INR29.43 crores as compared to INR27.75 crores, an increase of 6%. Consolidated PAT before exceptional item for Q3 stood at INR15.73 crores compared to INR15.18 crores, an increase of 3%.

If you compare our numbers with the same of last quarter, you will find that the consolidated PAT has increased by almost 105%. However, it is not prudent to compare the numbers the last quarter as the business cycle in the hotel industry is different in each of the quarter. I would like to inform you that due to the adoption of IndAS 116, there is a notional increase in depreciation and finance costs, which has led to decline in PAT by INR1.17 crores for the 9 months in standalone and INR1.67 crores in consolidated financials for 9 months.

I would like to inform you all that we were holding 51% stake in a subsidiary called Icon Hospitality Private Limited, which owns 130-room hotel in CBD Bangalore. During the quarter, we have purchased, the 48.93% stake from our partners at a cost of INR32 crore -- INR34 crore, thus making it a 100% subsidiary. We were able to meet this investment through our internal cash accruals. In the last quarter, we said that we'll cross 100 hotels soon. We are happy to announce that our vision to operate 100 hotels have been fulfilled, and we are, as a company, are operating over 100 hotels. We're looking forward to opening new hotels in different cities in India and abroad. We believe that industry is on a growth path, and we are on the right track.

We are consolidating our operations, have done some expenses toward major repairs, maintenance during the last 9 months, as well as towards strengthening our team to achieve operational excellence. Due to above, our costs did go up marginally, but this will take our company forward in achieving greater results in future. We have taken planned and calculated steps, and have looked at our long-term goals and targets. The same is necessary to achieve the long-term goals. The management has set out a strategy to diversify its product offering, provide unique customer experience and work towards a robust balance sheet.

I would like to conclude my opening remarks by saying that we are witnessing major signs of growth in the industry as a whole, which will show up in the overall earnings quality over the next several quarters. Thank you. And now we can throw the floor open for questions.

Question-and-Answer

Moderator: Thank you, sir. All those who wish to ask a question, use the option of raise hand. In case you are unable to raise hand you may send us your question on chat. We'll take the first question from Chirag. Chirag, you can go ahead, please.

Chirag Yes. I wanted to understand about the managed category. So if I look at FY23 PPT, we have shown an EBITDA in the managed hotels category, which is coming to roughly 34%. Now as far as I understand, the EBITDA margins in managed category is very high. So could you quantify what was the EBITDA in managed category for 9 months? And what should be the EBITDA margin going forward in this particular category?

Amit Jaiswal: See -- hi, Chirag, this is Amit Jaiswal here. See the EBITDA margin in managed category is definitely better. It is roughly around 50%, but please note that 30% of the managed hotel fees we take it into the standalone as our royalty and the efforts put up by the Royal Orchid Company. That is why the EBITDA is shown at around 32%.

Chirag Yes. Sorry, I was on mute. So you are saying 50% is the sustainable EBITDA margin, Amit?

Amit Jaiswal: Yes, yes.

Chirag Okay. But isn't that too low? So I'm just asking from the perspective of growth. The growth that we are seeing in the coming years is mainly going to be from the managed category. Now if I look at the number of room addition and all the maximum is going to be in the managed category. The current revenue in Q3 if you see managed category, it was close to INR8 crores on a base of whatever 80-odd hotels that we'll be having in the managed category. So that translates to what, INR40 lakh, INR50 lakh management fee per year per hotel. And on that, you are saying it will only 50% of it will be...

Amit Jaiswal: Yes, yes. See please understand, Chirag, that to run this managed hotel portfolio, we need a lot of sales guys across the country. We have the corporate office expenses, the marketing expenses. So all these direct-indirect expenses are there to be taken care of. However, if you really look at the absolute numbers, the absolute numbers are not that great because we only get the management fees out of a hotel. The revenues and the cost sits in the books of owner.

Chirag Yes, but the 8% is the revenue that you are recognizing which is...

- Amit Jaiswal:** Not 8%, not 8%. The revenue recognize this is not 8%. It is around 3% of the top line and 6% to 8% of the operating margins that we recognize.
- Chirag** Okay. No, 8% I was talking about the management fees.
- Amit Jaiswal:** I'm telling about the management fees only. It's not 8% of the revenues.
- Chander K. Baljee** Around 6%...
- Amit Jaiswal:** Around 6% of the revenue comes as a management fees to us.
- Chirag** Okay. And 50% of that goes to the bottom line is what we're seeing after taking of all expansion.
- Amit Jaiswal:** Yes. Yes, true.
- Chirag** So -- okay so if you see the recent interview. So Mr. Jaiswal, you mentioned in one of the recent interview that this year, we are targeting revenues of INR350 crores-odd with INR100 crores EBITDA, and next year we're targeting INR450 crores to INR500 crores of top line with a INR140 crores EBITDA. So this growth -- like when are we expecting the growth in the revenues and the EBITDA when the managed category bucket is so small? How much of it is expected from, let's say, the industry growth in the ARR's? And how much of it is expected from managed and the rest?
- Amit Jaiswal:** Would you like that one?
- Chander K. Baljee:** Yes. See, we are anticipating a turnover of about -- they say about INR340 crores, including our Jaipur hotel
- Amit Jaiswal:** Which is an associate...
- Chander K. Baljee:** Which is an associate, and next year, we are expecting about INR350 crores plus Jaipur, so it will come to INR30 crores next year.
- Amit Jaiswal:** Maybe we'll target.
- Chander K. Baljee:** Yes. And of course, we will -- all if situation continues the way it is going in the economy, we may also touch INR400 crores next year, which is what we had mentioned earlier.
- Chirag** And what is the EBITDA margin that you are expecting on this INR400 crores?

Chander K. Baljee: See EBITDA, we're expecting an EBITDA of about INR110 crores is -- and then including Jaipur will be about INR122 crores.

Chirag Okay. But that is a material downgrade from what you guided for earlier. So what are the reasons?

Chander K. Baljee: No, we are -- we were anticipating some additional hotels on revenue share and all that. Some discussions were going on, some did not materialize. And -- but still, it's going on. And I can't really tell you because unless a signed, sealed and delivered. I can tell you that. So I think, what we've done is we've gone through our reality check, and this is what we are now anticipating.

Amit Jaiswal: Chirag, if you really look at it, this year guideline, we had given around INR345 crores. We are almost there, including the Jaipur Hotel, our -- the turnover of the company would reach around that. And next year, with the existing hotel growth, we are looking at around INR390 crores to INR400 crores of top line. But of course, there are certain hotels which may come up during the course of the year that in our fingers crossed. That will -- can add to the revenue of the hotel.

Chirag So are you looking towards adding managed hotels only even going forward? Because I'm just not able to understand the incremental benefits coming out of the managed hotels? Although in terms of number of hotels, it sounds huge. But when you do the math, when you look at the addition to the bottom line and top line, it's not that significant. So just trying to understand, going forward, how we are planning to grow, then that is what I'm trying to understand.

Chander K. Baljee: See, we are, as I mentioned to you, that we have added 20 hotels in the last 9 months. This is a record amongst all hotel groups. I don't think anybody has added that many in this particular period of time. And we are expecting -- we already signed about 28 hotels with about 1,600 keys already signed, which will be coming during the course of this next year.

In addition to that, because we are at various stages of discussion with various hotel, so we expect to another 10 hotels. That means not 28 we make, I think about 38 to 48 in the next 1 year. And 1,600 is already signed. Another 700 key has been signed, so 2,300 hotel will come. Now we are looking at least three hotels in the revenue share in the coming year. We've already done 3 in the last year and in this coming year also, we are looking at doing either lasers or rev share to about 3 hotels, which is what your question which you are asking is add to our top line. And yes -- but both are required. To reach 100 hotels only on our own, it would take us years.

But now that when we go to the market and we are saying that we are 100 hotel, people say, "Oh, we'll look at it." Yes, we are worth talking to. So I think it's a big milestone we have achieved. And going forward, whenever anybody calls for discussions for management or lease, when you tell them that we have be 100 hotels, they take us a little more serious.

Chirag So broadly, 138 to 140 hotels is what you are saying by end of FY25 or 1 year from now?

Chander K. Baljee: No, up to March '25.

Chirag 138 to 140 hotels?

Chander K. Baljee: Yes.

Chirag Okay. Okay. And coming to the ARR in the PPT that you've mentioned, so the revised PPT was released today. In that if I look at the ARR, the ARR in JLO is down roughly 4% Y-o-Y to 5,656. So industry is ARR has grown, right? If you look at it on a Y-o-Y basis. So why has our ARR dropped?

Amit Jaiswal: I'll explain this thing to you, Chirag. So what happens is when we add a newer hotel, as Mr. Baljee said, we added 2 hotels, so it all depends. This is an average here of the company, not the hotel. So if suppose I am sitting at an ARR of, say, INR5,600, and if I have added a hotel whose ARR is around INR4,000, so the average ARR comes down a little bit.

Chirag Okay. So this is purely because of additional...

Amit Jaiswal: Yes, yes, additional. See similar...

Chander K. Baljee: Time to stabilize the hotel also, it takes time to stabilize the hotel also.

Amit Jaiswal: So similarly, in the occupancy level also, if you see, in the seed investors presently managed. See we have added 20 hotels, right, in the current year. So what happens any hotel comes up, it takes time, 6 months' time to come to the optimum occupancy. That is why our average occupancy is a little bit. The existing hotel, let me use the existing hotel, which were there last year and which are operating this year, they all are doing at anywhere around 70 plus. But it is the newer hotels, which brings down the overall occupancy of all of that.

Chirag Okay. So just coming back to the managed category, in managed category, the revenue -- so you said that 6% of the revenues is what we recognize as management fee.

Amit Jaiswal: Yes.

Chirag Does that also include F&B across all the hotels or we have different arrangements with different hotels.

Amit Jaiswal: No, no, including F&B.

Chirag Across all the managed hotels, we get revenue share. This will be one of the F&B segment.

Amit Jaiswal: Yes. Yes.

Chirag Okay. Just more question before I go back into the queue. Mr. Baljee, you mentioned during the last one call, that when you were asked about the next 3, 4 year vision that we aim to grow at 25% per annum in terms of top line. Now clearly, I just want to understand that, let's say, beyond FY25, how do you see yourselves growing? And what kind of mix would you see, let's say, if you're aspiring for 11,500-odd room at each and every year. Then what kind of mix are you aspiring in terms of managed and revenue sharing and others?

And how should we be working with it? Because I'm just not able to understand if the majority of it is going in the managed hotels, then as I said earlier, the number of hotels seems huge. But when you look at the numbers, it is not as inspiring as it looks in the number of hotels. So just trying to understand from you, beyond FY25, what should be the growth aspirations for the company and what next?

Chander K. Baljee: So what we're trying to do is after March '25, we are targeting not in terms of numbers of hotels, but larger hotels. See earlier people would not take that seriously, and they were not giving us. But we are now targeting, we told our team also, our cluster heads, including our CO, we're all working towards getting larger hotels. And larger hotels are more coming from revenue share basis because if a guy has to give a large hotel on management, then yes, many more options. Whereas if he has to go to revenue share, then he has fewer players in the market.

So we are looking at going forward, a larger hotel on revenue share, which will give us a huge upside. And so I think our growth post-March or April '25 should be exponential. Although number hotel may increase, may go down, but we'll grow revenue share at

larger hotel, that is what our plan is right now, and we are all working towards that.

Chirag Got it. Thanks a lot. I'll get back in the queue.

Moderator: Thanks Chirag. We take the next question from Rahul Bhangadia. Rahul, you can go ahead, please.

Rahul Bhangadia: Thank you for taking my question, sir. Just wanted to understand, sir, how long does it take once you have signed up a property for a management contract, how long does it take for the property to kind of do the required improvements, do serves and then kind of come online?

Chander K. Baljee: See, it depends on what stage is the property in. We are taking some hotels, which we are already operating hotels. So what we do is we sign up, and only thing we tell them is that we won't put our brand till the renovation is done. So then they give us a renovation plan. And depending on the fund's availability, they do the renovation at their own pace. So some things are done within 2 or 3 months and some things take much longer.

Like we have a hotel in Amritsar. We are 100 room hotel. He said 50 rooms, he'll do immediately and 50 rooms, he'll do a little later. So I think within 6 months, 50 rooms are operational. And balance, he's going to probably finish in the next few months. So I think there is no hard and fast. And then some hotel which are Greenfield, it may take 2 or 3 years. And some hotels, which are, we call brownfield, at least already the structure is up, is at advanced stage. So there, we see some input for the interior part of it. The other work has already been done.

So I would say that there's no hard and fast rule, but -- and some cases have also say where people drop off because they said, no, we don't have funds now. I don't think we are going to go ahead and which are, of course, very rare. So I would say -- but in most cases, within 6 to 12 months, after signing the hotels get ready, in most cases.

Rahul Bhangadia: Okay. You see, sir, from where I was coming from, sir, is that FY23, when we ended, the number that we had in terms of hotels or rooms, which included the signed up rooms also was about 6,500. I'm just rounding off the numbers here. So 6,500 rooms is what we had in operational plus signed up rooms. Today, we are at about 5,800, again, rounding off. So that's why I was trying to understand that what we had signed up at the start of the year, we are still a little far away from actually ending up getting all those online as we get closer to the end of the year. So that's why I was trying to understand.

And related to that is that now that we are seeing that about 7,200 rooms, which is what we have in terms of operational plus signed up, do you see the 7,200 coming up by March '25, a year from now?

Chander K. Baljee:

So what we are saying is that today, we have got 5,800 approximately. And in the next 1.5 months, we are likely to open, out of these 28 which are signed, we may have opened about 6 to 8 hotels that we will open within this year. And the balance 22 we will open next year, and I've added that we'll open to 10 to 12 new hotels, which signing will come up during that period.

So I think we are very much on track, yes, because so many times, the people sign up also and after that, they develop cold feet and they say that, no, no, we don't want to go ahead or so. But now what we've done is because we're finding that there were a lot of delay in some of the projects, so we have actually now got good -- we've added our team of project managers who are monitoring this very carefully on proper bar chart, per chart. And so now we've come out with a more realistic figure. I'm not saying it's 100% correct, but more realistic than what we did in the past. For example, there was a hotel in Varanasi and Lucknow, which we had signed a couple of years back, pre-COVID. There's no sign of those hotel.

Now in fact the other day I called up these guys, I said what's happening. He said, no, no, no, hotel is getting ready. So people have run into some problems in the past because of various financial issues and various other issues. But I think people are coming out of it, and post-COVID particularly. See, there has never been so much interest in the hospitality industry as now. I'm looking at this in 2003 to 2008 period, when everybody is interested in hotel. In fact after that, no, it became untouchable industry, nobody wanted to invest in a hotel, and no banks wanted to finance.

But now we are finding that banks are interested in financing, and in fact we have got a swaps of our loan, and we save substantial interest. HDFC, which used to consider hotel industry as untouchable they themselves came to us during the COVID time and swapped our loan. Probably they had some insights, information that we will start to do well also. And so we saved a good about 3% on our interest cost.

And so I think to my mind, if things are going, and politically, things are very stable, you can see even the mood of the nation of India today, which is very skeptical about Modi government is saying that Modi government is going to come back. And that is all

going to be definitely good for the India story. And I am very, very hopeful for a substantial increase which is why we've added a lot of management team. And you know the question you ask you again and again so many years, that who's going to head operations and when we got Mr. Phil Logan. He's joined about 6 months back. So luckily, he has got experience in India, so he knows Indian market. And so we hope that with his joining in, we should take the company to newer heights.

Philip Logan:

What I can say in that regard, just for everyone, is Royal Orchid is very aware of its cost structures. It runs small hotels very well. I think Mr. Baljee's alluded to our vision to get larger hotels. Our finance team is extremely strong. Our operations team is extremely strong actually. And I put that in context against international operators on the ground.

What I can also allude to you is that, yes, it does take time for hotels to come to stable, and there's a lot of hotels. So stability takes time to kick in, and it also takes time for the operation. And Royal Orchid is diversified right across the nation. It's in 16 states, everything from Dharamshala to Bangalore, Pune right across. So diversification means it's challenging from a human resource factor and it takes time to get the operation correct, but that's all upside.

Rahul Bhangadia:

Great, sir. Thank you for answering the questions. Thank you.

Moderator:

Thanks Rahul. We'll take the next question from Garvit Goyal. Garvit, you can go ahead, please.

Garvit Goyal:

Hi, am I audible? Hello, am I audible?

Chander K. Baljee

Yes, yes.

Garvit Goyal:

Good afternoon, team. My question is on guidance. So you provided a guidance for FY24, INR350 crores. But if I look at the first 9 months number, we did around INR220 crores. So what is giving you the confidence to fill the gap? Basically, this gap is around INR130 crores in Q4.

Amit Jaiswal:

No, INR220 crores is excluding our Jaipur hotel. INR230 crore we have done. We are excluding our Jaipur hotel.

Garvit Goyal:

So if I include that Jaipur hotel numbers in first 9 months, so what would be the number?

Amit Jaiswal:

It is around INR22 crores.

Garvit Goyal:

INR22 crores in first 9 months for Jaipur hotel?

Amit Jaiswal:

Yes. Yes.

- Garvit Goyal:** Understood, sir. That means we will around....
- Amit Jaiswal:** No it's grows to around INR252 crores.
- Garvit Goyal:** Right, right, right, it will go around INR252 crores.
- Amit Jaiswal:** Hopefully, we should be able to touch our target.
- Garvit Goyal:** Understood, sir. And sir, whether -- are you people like, you people reduced the guidance for FY25. So do you see to see any kind of risk that is likely to come in on an average industry point of view?
- Chander K. Baljee:** No, I don't think there's any risk right now coming in, in the near future because whatever has happened has already happened and nothing worse can happen. If you see COVID happened and there will be small things like example, this year, during the rainy season, we had a big washout in the hill station because of disruption of the roads and stuff like that. But it is a major disruption, but impact on our company was little because those are mostly managed hotels, managed hotel and also smaller hotels. So like in Manali, we have a hotel, we have 2 hotels with 25, 35 rooms, right? So if there is an impact there, it's not very much impacting the company.
- But yes, these small things will happen. I cannot say because -- but overall, I think we are a stable ship and fact that we have diversified across the country. We have got leisure hotels. When the holidays take place, the business hotels come down, in business, but holiday destinations have gone up. And if you see the trend over the last -- at least post-COVID is that holiday destinations, people would have started taking a larger number of holidays. We have got in our country, 20 long weekend. So they are 4, 4 days holidays during that period. And youngsters today are like following that you only live once. Let them go and enjoy whatever we have. We don't want to leave anything for the next generation. Don't want to leave for the next life. So that way, there is a big boom in this particular holiday destination, holiday, market there's a big boom.
- And overall, if you see the economy all sectors, economy is booming, and I think the business hotels will also continue to do well.
- Garvit Goyal:** Understood sir. That's if from my side, sir. All the best.
- Moderator:** Thank you, Garvit. We'll take the next question from Sajal. Sajal, you can go ahead, please.

- Sajal:** Hi. I'm assuming I'm audible?
- Chander K. Baljee** Yes, yes.
- Sajal:** First of all, I would like to thank the entire management team and congratulate them for like achieving the 100 hotel mark, which was being talked about for years now. So congratulations, everyone. My question is around -- first question is around Slide number 19 and Slide number 20 in the investor presentation. In Slide number 19, we are talking of total keys of 4,941 plus 1,039 from the first 9 months. And after that, there have been 2 more announcements of Bhagsu Nag Hotel and another hotel at Jamnagar, which adds 81 more keys. But in Slide number 20, I see total keys is 5,795. So there is a discrepancy in this, and this number has come down. So is there any hotel that is closed or something like that?
- Chander K. Baljee** No, see, you're talking about the Slide number 19 and 20, right? So in Slide number 20, we are adding, including the signed hotels.
- Sajal:** Okay. Because it mentioned operational as on date and...?
- Chander K. Baljee** No, if you see signed hotels, 5,795. So 576 is including the -- all the hotels, 22 signed hotels, 716, yes. We have leased -- what are you comparing, tell me?
- Sajal:** Okay. Okay. Let me tell you. So I'm comparing on this slide number 19, there's a figure which mentions total keys for financial year '22-'23, which is 4,941. In addition to that, there are a 9-month last column, which is 1,039. The total number comes out with 5,980.
- Chander K. Baljee** 4,931?
- Amit Jaiswal:** No, 1,039 includes signed, which are there. 5,600, include this 1,039.
- Sajal:** Yes. Sir. Slide number 19 says 4,941 for financial year '22-'23.
- Chander K. Baljee** One second. Slide 19 shows -- yes. It shows 5,795 total keys, right?
- Sajal:** No, Slide number -- okay, we might be off. I'm talking about the slide which says segment-wise occupancy, ARR and keys. Here, it says 4,941 in total keys for financial year '22-'23.
- Chander K. Baljee** Correct, 4,941.

- Sajal:** And 1,039 for first 9 months of financial year '23-'24. The total comes to 5,980. Post that, since 31st of December, we have added 28 rooms in Bhagsu Nag and 53 rooms in Jamnagar. So 81 rooms added to this. It would take the figure to 6,061 now.
- Chander K. Baljee** We are showing only till 31st March.
- Amit Jaiswal:** 31st December.
- Amit Jaiswal:** Yes, one would -- we have removed 2 hotels.
- Sajal:** Oh, we have removed 2 hotels.
- Chander K. Baljee** Correct. Yes.
- Sajal:** So has there been any communication around that? Or maybe I missed that.
- Chander K. Baljee** No, no, No. We have not communicated. See basically, what happens 2 hotels has gone legal. That is why we have still not communicated.
- Sajal:** Okay. The other question is related to just -- give me 1 sec, I noted it on multiple places. We mentioned around specific steps around steps being taken for announcement of the profitability. Can you elaborate on what are the specific steps? And my other question is related to that.
- Amit Jaiswal** Specific steps like we have increased our team. Okay. See, we -- a certain team has been included because with the increase in number of hotels, you need the team to manage this hotel, right. However, the result would not now. It will come in time to come. And these, all these hotels starts yielding results.
- Sajal:** Sure, sir. Thank you. My other question is also related to like given that ROHL is now brand well-known in the market. And Baljee sir, you actually alluded to some part of that question, when you mentioned about HDFC Bank providing the loan. But are there any other operating leverages that we are able to gather because of this enhancement of the brand value in the market and we crossing 100 plus hotel?
- Chander K. Baljee:** What we are doing now is that a lot of brand architecture, we are -- exercise going on right now. We are going to be very shortly introducing an upmarket brand. So that which will be 4-, 5-star hotel. See because we had got Regenta, Central Regenta Place, Regenta Inn, Regenta Resort. So what happened was some of the owners and customers expressed that there's a little confusion because -- so what maybe they did some years back and is exercise

that we are also doing now because we've reached that critical mass of 100 hotels.

So we are going to be -- going forward, they will be up market brand. They will be a smart. We won't call it budget, but smart value brand will be introduced. So 2 or 3 brands are going to be introduced within the next 2 or 3 months. And those -- you'll see this announcement very soon. And we hope to take this company to a much larger level and a faster growth trajectory.

Sajal: Sure, sir. Thank you. Sir, my other question is, and probably the second last question, which is around, are there any plans to probably provide some benefits to the shareholders in the form of maybe subdivision of share or something like that because bonus obviously is ruled out the kind of growth that we are seeing, that should be ruled out, but any plans...?

Chander K. Baljee: So we can't really say at this moment, but we are very well aware of the interest of the shareholder. My being the largest shareholder, so I think whatever you have suggested will definitely benefit me. So you can be rest assured.

It's just that there could be 2 opinions about any particular course of action, and we want to track with little caution. No, that's all. But you can be rest assured that shareholders' interest is top of our mind.

Sajal: Sure, sir. Thank you. Sir, one last suggestion, before I end. I have been communicating on the -- I have been sending mails to the CS of the company and probably Baljee, sir, to you as well. It would be great if there can be an acknowledgment to those mails. Otherwise, we are not sure whether those mails are being received or not or what?

Chander K. Baljee: Totally agree with you. What -- some mails have not been answered?

Sajal: Yes, the mail is not around any grievance. It is only about suggestions that I also made in this call. But yes, it would be great if there can be an acknowledgment to the mail.

Amit Jaiswal: We will definitely.

Chander K. Baljee: We will definitely do it, definitely.

Sajal: And at the end, thank you very much for all the hard work. It is with great pleasure to be associated with ROHL. And one more suggestion, sir, if you might like to consider and that might increase the occupancy of the hotels as well, which is if you can

provide a kind of a special incentives to all the shareholders in terms of their stay in the hotel, that would lead to better occupancy and we staying in our own hotels and promoting them as well.

Chander K. Baljee: Certainly consider it, we will certainly consider it.

Sajal: Thank you, sir. Thank you for your time.

Moderator: Thank you Sajal. We'll take the next from Yash. Yash, you can go ahead.

Yash: Hello, am I audible?

Chander K. Baljee: Yes.

Yash: So is there any bit on Multi-Hotels Limited, the sale of those shares?

Chander K. Baljee: Yes, there is a lot of active discussion, as we speak. There are 5 brokers who are working on this. Last time, we had got an offer. It is a firm offer, and we were about to close the transaction. Unfortunately, they wanted to buy the land and not the company. So if we've done that, then our money would have been stuck in Tanzania because underdeveloped countries, so the repatriation of foreign exchange is difficult. That's why we stepped back. But we are actively pursuing it. And we are hoping now for the sale. I cannot really tell you which date, but there is now interest. Earlier, there was no interest at all. Like I said, hotel industry also in our country, it was untouchable. Now certainly, it's become the hot favorite.

Similarly, they also, a situation in Tanzania has changed dramatically, and we hope to close this very soon.

Yash: My next question is, can you give ARR guidance for the next year, for the next financial year, '25?

Chander K. Baljee: Yes, we can say that, it's 8% in the JLO -- and 6%.

Philip Logan: Okay. Just to respond to that. Our guidance is for JLO hotels an 8% an increase in '24-'25. And for managed properties, 6% is the guidance of ARR lift in fiscal '24-'25.

Yash: Perfect. Also, my next question is, why haven't you announced anything for Ayodhya? I mean aggregators like Easy My Trip have also launched properties, aggregators that have nothing to do with managing hotels or hotels itself generally. So I just want to know, are we behind the curve with the whole Ayodhya thing? Because everybody, almost every other hotel is launched? Or is it that you

don't find it feasible margin-wise you're not getting enough margins because it's a hot property right now?

Chander K. Baljee: No. Ayodhya, there is a lot of land available. There's a lot of hype and -- but as a company, we are not looking at making major investments in greenfield projects. So that is why we're just watching. There will be a lot of people who are going to construct hotels. That day, there was ad for almost 8 to 10 sites which are under auction. So those people when they come up with hotels, I'm sure they'll be looking at operators. And so it's not that we are behind the curve. It's just a strategy, Suppose we put in all our money into Ayodhya, then are we missing out on so many other opportunities because we have got to put in money into our Goa hotel, which are our own hotel. We are expanding that hotel. We're expanding our resort in Bangalore. So there is investment required there. So we don't want to spread ourselves too thin.

We are waiting and watching. See, Tirupati has been a market for a long time, and these are all these are usually one day market. People go there, do the darshan and move on. So while I'll say, yes, you are right, we are very keen on that. Our people -- our development people are looking at talking about projects there. And hopefully, we should get something there very soon.

Yash: My next question is regarding, since you mentioned the Goa CapEx. Could you give me a particular time line for the Goa CapEx? And you also mentioned something about the Bangalore CapEx. So give me the time lines the room addition for both, if that's possible.

Chander K. Baljee: See, resort, within this year, Goa within this next one year.

Yash: Next 1 year in the sense, FY25 mid? End?

Chander K. Baljee: Yes. Yes. I would say up to March '25, we should have spent this money and got the additional 44 rooms ready, including the Bangalore.

Yash: So you're telling me Goa plus Bangalore CapEx can you tell me the total number of room additions, and both are owned, right?

Amit Jaiswal: Both are owned.

Yash: Yes. So what is the total number of room addition to both?

Amit Jaiswal: In Bangalore, it is 28 rooms, in Goa, it is 40 or 40 rooms. 44 rooms.

Yash: Also just one last question.

- Amit Jaiswal:** But both the hotels will see the revenues next year only.
- Yash:** Okay. Understood. So I just want to understand, why is your PPT so vague? I mean, you put 100-plus hotels in your PPT. I just want to know why you don't you put the exact number of hotels you are operating because you definitely move the number of hotels you're operating. You put 100 plus in your PPT. I don't know why there's a plus there instead of the exact number of hotels you're operating.
- Chander K. Baljee:** No what's happening. As I've mentioned to you in the next 1, 1.5 months, we are slated to open 8 to 10 hotels. So every day, I don't want to be telling that, okay, 101, 102 whatever it is there. So we've kept it like that 95-plus, 100-plus as a communication. You see if I say 101, or if I say 100 plus, it's just a matter of communication. You will find it a little more easy to look at that. So -- but your point is well taken. Yes. And all communications could change also, is very -- like our existing cards are printed. It say 100 hotels, 100-plus hotels. Now it goes to 102 hotels. I can't change it to 102 or something like that.
- Philip Logan:** So we have 8 hotels in full pre-opening and another 2 with team on the ground. So that should give you an indication of likelihood. However, the technical handover, the final licensing, liquor licensing and other things and local licensing can be quite tricky. So as it's managed, we work with the owners on final licensing and that...
- But we have literally 8 to 10 hotels very close, but it could be 6 in this financial year and roll over to the following month.
- Yash:** Yes. Also one last thing. With the whole hotels, the way you guys are adding managed properties, are you planning to add more leased properties in the future?
- Chander K. Baljee:** No, we are not adding any -- see whatever we have said in the 2 hotels that we are adding more keys. Other hotels, there is no scope for adding in those...
- Amit Jaiswal:** In those leases hotel...
- Chander K. Baljee:** Yes, leased hotels, of course. We are actively...
- Yash:** What's your focus among...?
- Chander K. Baljee:** See, I'll tell you, you can't say what is the focus? If I am getting a leased up hotel, I will take it. If its lease terms are -- see today, what we are doing is, we're trying to take hotels on revenue share with minimum guarantee. We have done hotels in the past on even

pure revenue share, so where there's no minimum guarantee also. So we've done that in the past. That's our preferred model. Is there a minimum guarantee required? We're trying to do that.

And lease out of the 3, yes, purely is also if a hotel is not available we take on a pure lease option.

Yash: Also, you said 2 to 3 categories will be announced in the next 3 months. Where are you going to focus on? Are you going to focus on the upscale front, meaning the luxury front because you said...?

Chander K. Baljee: We're going to focus on all. There is definite things that we are going to focus only on 1 or so. The focus will be on all because we want to increase our footprint in each category.

Philip Logan: Different markets. Different markets offer different opportunities. So that's why you increase all.

Yash: Yes. Also, you said in the last concall, I think you said 50 hotels, so you were targeting 150 hotels by the end of FY25. Did you correct that to 140 hotels today?

Chander K. Baljee: Yes, yes, I would say. Realistically, yes.

Yash: Yeah, okay. Thank you so much. I'll just come back in the queue.

Moderator: We'll take the next question from the line of Mihir. Mihir, you can go ahead, please.

Mihir: Hello, sir, I have one question regarding room addition. So if we see the average additions for 28 hotels and 1,600 keys, it comes to approx average of 60 keys. Any plans to increase the size of hotels?

Chander K. Baljee: Yes, I had mentioned to you earlier, we're actively scouting around for bigger hotels. And that's our strategy now. Because earlier, when you were a smaller player, bigger hotels will not come your way. People will look at maybe larger and bigger brands. But now we are finding that people are ready to talk to you. If you go to a Delhi guy, a Delhi builder in Gurgaon or so, and you're telling him that you got 40, 50 hotels. He may not even -- he's probably not even heard of your brand. So first you have to explain to him this brand.

Now the guys probably, most probably heard of our brand or even if he's not heard. The moment we say 100 hotels, he just had a look at it, yes, oh wow, 100 hotels you got. And then, of course, we give our presentation. And so I think larger hotels have started discussions with us now.

Mihir: Okay, sir. Thank you.

Moderator: We will take the last question from Sajal. Sajal. Sajal, you can go ahead, please

Sajal: Yeah, I missed 1 or 2 questions. So very quickly, given the focus on Lakshadweep, is there anything that we are doing to get an early mover advantage in Lakshadweep?

Chander K. Baljee: No, we are not looking at luxury. No, we are not looking at Lakshadweep because those are the greenfield projects, and we don't want to get into anything green. We got a lot of land available. Government is encouraging us, encouraging people, the same strategy what you mentioned about Ayodhya. So that there are going to be available. But it will take some time. See as it is going to -- there was a tender about 6, 8 months back on Lakshadweep. And we looked at it, and then going there was a challenge. There's 1 flight going from Cochin only to that place or there's a streamliner which is going to take about 14, 15 hours. So I don't think -- there are plenty of other hunting grounds we have for us get into first pivot. We have already made an inroad into Sri Lanka. And there are some other proposals coming up. We look at that.

And I would like to say that we have done an inroad into Nepal. So we've already signed 3 hotels in Nepal, which should open. So I think -- and without any investment, all these any investment at all. So we look at that also, that mainly.

Sajal: Sure, sir. Thank you. The last one is, if I look at the map of India, that has been -- that is there on the Slide number 11, it is evident that we are more focused on west part of India as compared to eastern part of India. The good part is that there are 2 hotels that are coming up, one is and the other one in Puri, which would be on eastern side. Is there a plan to tap the potential for Northeast?

Chander K. Baljee: We already signed 1 hotel in Tejpur, which is northeast. But while all this is good to talk about, but the real revenue or the real profits do not seem even in economically eastern is not that developed as the other parts of the country. We started from south and the question which all of you used to ask me those days that we are south based. But now I would say that we have a very dynamic Vice President, Senior Vice President of North. We've expanded our footprint substantially in the north. So now we have got north, we've got to west and we got south, well covered.

The only thing is that we are now focusing on some site in Central India, East, Northeast also. And maybe Tamil Nadu and Telangana

and Andhra. So we are focusing on that. Recently I attended a convention in Vizag. That was my first visit Vizag also. So we are already talking -- at least people get to know about our brand, I was a speaker there. So I'm talking to them, at least people got to know that, yes, Royal Orchid and Regenta Hotel also exist. So we're expanding. We're very well aware of it, but you're right. Some of the unchartered areas, we'll tread with caution, opened a hotel, we didn't get any revenue and owner gets disappointed, we get disappointed. So we are calculating and then taking each step.

Sajal: Sure, sir. Being from Summer Hill, Shimla, I can very well request that probably you might like to look at introducing the world famous Gulab Jamun and Grilled Sandwich in other hotels as well as a Shimla specialty.

Chander K. Baljee: You know what we have done. I'm glad you pointed this out. In our hotel in Shimla, we don't give a welcome drink. We give a welcome gulab jamun. So in the reception counter, we kept some gulab jamun, the moment the guest comes, we take it out, put it in the microwave oven, and heat it and give it to the guest. So they are welcome gulab jamun and not welcome...

So it's very good. I know that our restaurant was very, very famous for last 60 years, for -- 60, 70 years for all this, and we will continue to -- continue our legacy.

Sajal: Thank you, sir. And I probably should visit Shimla Hotel as well.

Chander K. Baljee: Yes.

Moderator: Thank you, Sajal. And that brings us to the end of the conference call, Mr. Baljee, would you like to give some closing comments.

Chander K. Baljee: First of all, thank you very much for -- and the question that you've asked, are very relevant. It makes us think. And I think all this concall always gives us maybe -- maybe give us some guidance from you guys, what we should do and what we should not do. So I think it has been very useful for us. I thank you all of you for spending time and asking question, because sometimes we become a little complacent, don't ask difficult question. But once a difficult question comes it makes us much more rejuvenated.

So I think we hope that we'll have a lot of answers to your question -- more answers in the next quarter, which will be the full year result also. So thank you very much, and see you next quarter.

Moderator: Thank you so much, sir. Thank you to all the participants for joining us on this call, and thank you to the management team for

giving us their available time. You may all log off and disconnect.
Thank you.