Sector: Hotels & Resorts **RESULT REVIEW Q2FY26** **Declared On: 12 Nov 2025**

Royal Orchid Hotels Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs422	11.5	Hold	Rs475	13%

**as on 18th Nov, 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 is engaged in the business of managing hotels under flagship brands such as Royal Orchid, Royal Orchid Central, Royal Orchid Suites, Regenta Central, Regenta Resort, Regenta Place & Regenta Inn to name a few. The company primarily operates 5 and 4-star hotels, enabling it to target discerning business and leisure travelers. As of date, there are 119+ 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 12.5% to Rs792mn as compared to Rs704mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 16.7% as compared to 16.3% in Q2FY25
- The net profit after the share of associates came in at Rs43mn as against Rs75mn in the comparative quarter
- The EPS for the quarter ending Sept, 2025 stands at Rs1.56 as against Rs2.73 in the comparative quarter
- For H1FY26, the revenues came in at Rs1580mn as compared to Rs1434mn; growth of 10.1% while the PAT stood at Rs155mn as against Rs162mn. The EPS came in at Rs5.55 as against Rs5.94 in H1FY25

Conference Call Highlights:

- The key count as on Sept, 2025 stood at 9,989 (inclusive of signed properties) and the company presently operates 119+ hotels. The breakup of 7,437 operational keys stands as: 624 JLO, 1039: leased properties and 5774: managed and franchised properties. For new hotel additions, ROHL added 388 keys with 3 hotels in Q2FY26. The Management has indicated of opening ~38+ hotels with a key count of ~2,500+; of this 2 are related to Crestoria brand which are expected to open in a short timeframe. The other brands viz Regenta and Regenta Place too are witnessing rapid expansions. Of the total 38+ hotels signed; 5 are under the revenue share model, ~120 keys in Gurgaon, 172 keys at Lucknow, North Goa Regenta Resort and smaller ones in Crestoria having ~40 keys
- The Management expects good traction for its brand Regenta Z; the franchise based model wherein ROHL provides the technical know-how to set up a hotel; generally, the keys for this brand are in the range of ~40-60
- The consolidated revenue breakup for Q2FY26 stood as: Owned: Rs272mn, Lease/Revenue share: Rs360mn, JV/ Associates: Rs160mn and Managed hotels: Rs75mn
- For Q2FY26, the average occupancy for JLO stood at: 67% while that for managed: 54%; the average room rate for JLO came in at Rs5479 while that for managed properties stood at Rs3552. The average occupancy for the newly managed properties (w.e.f. 1st Apr'25) stood at 42% while the ARR stood at Rs3518
- The room revenue breakup (inclusive of managed hotels) for Q2FY26 came in as: ROHL website at ~Rs33mn, Online Travel Agents/Portals (OTAs) at ~Rs422mn, national sales office at ~Rs260mn, direct at ~Rs628mn and others at ~Rs22mn. The segment wise room revenue (inclusive of managed hotels) for the quarter stood as: business at ~Rs842mn, leisure at ~Rs395mn, bleisure at ~Rs79mn and pilgrimage at ~Rs49mn
- **Recent Updates:** (i) The Regenta Science Centre, Bhuj (59 keys) is operational since 10th Oct'25, (ii) signed a new 51 key Regenta Resort in Bathinda thereby expanding its presence in Punjab, (iii) announced the soft launch of Iconiqa (the Mumbai property) which marks the beginning of a phased rollout, (iv) signed a latest property (65 keys) in collaboration with Marrievilla Resort under a management agreement at Ambala, Haryana, (v) launched a new property Regenta Place, Ahmedabad (48 keys)
- **Iconiqa** (292 rooms, leased property): the hotel commenced operations only towards the end of Sept'25 and thus in Q2FY26 the company booked a pre-operational opex loss of ~Rs20mn (can't capitalise the same and thus was w/off). Sales came in at ~Rs30mn and staff related and other opex cost stood at ~Rs50mn; thus attributing to a loss of Rs20mn. In addition to this, Royal Orchid Mumbai Pvt. Ltd (WoS of ROHL) has recognized its Right-of-Use (ROU) assets and corresponding lease liabilities. Consequently, the subsidiary has recorded depreciation and finance cost of Rs63.51mn in Q2FY26

Please Turn Over

Conference Call Highlights (contd.):

- **Iconiqa (contd.):** The Management expects another ~Rs80-90mn Ind-AS related adjustment to be factored in H2 depending on the operations of the property. The opex cost in Q2FY26 stood at ~Rs50mn and the monthly run-rate is expected to be at Rs40-45mn as indicated by the Management. As against the earlier revenue guidance of ~Rs750mn for the year; the Management has revised its sales target at Rs500mn for FY26E (as the hotel commencement was slightly delayed) and thereafter scale upto Rs1000mn in FY27E. ROHL did not book any rent liability for this property (no rent has been accrued); the same is expected to start accruing only from 15th Nov'25; as the company had a rent-free period from the commencement till the hotel was operational. From Oct to March; the Management expects ~Rs130mn towards the principal and interest portion of lease liability to be factored in for the rental expense
- As far as the Bangalore property is concerned which was under renovation; the company has completed the renovation work for 28 rooms (wooden cottages). The total key count stands at ~82 and the Management expects the room revenues to increase by ~70-80%. For Goa, the land related issues still persist and is expected to be sorted soon; post that the work for this property is expected to commence in April. The Royal Orchid Central, in Manipal centre (130 key count); the renovation work is expected to commence in a span of ~3-6 months and the company has already invited architects for this property

Financials:

Performance (Q2FY26)									
Q2FY26 Result (Rs mn)	**Sept-25**	**Sept-24**	**y-o-y**	**Jun-25**	**q-o-q**	**H1FY26**	**H1FY25**	**y-o-y**	**FY26E**
Total Revenue	792	704	12.5%	788	0.5%	1580	1434	10.1%	3526
EBITDA	132	115	15.3%	196	(32.7%)	328	281	16.9%	716
Other Income	76	79	(4.1%)	40	88.3%	116	126	(7.5%)	244
Interest	86	43	-	39	-	125	86	46.0%	246
Depreciation	78	53	48.3%	51	52.3%	129	106	22.3%	245
Tax	8	30	(72.1%)	38	(78.1%)	47	62	(24.5%)	118
Share of Associates	7	7	0.2%	4	68.4%	11	9	24.9%	11
Net Profit (after asso.)	**43**	**75**	**(42.9%)**	**112**	**(61.7%)**	**155**	**162**	**(4.6%)**	**361**

Outlook and Recommendations:

ROHL reported a decent performance for the quarter under reference. Although sequentially, the revenues have reported negligible growth of ~0.5%, for the quarter under review the same grew by ~12.5% on a y-o-y basis. The improvement in the overall sales was attributed to ~17% growth witnessed in room revenue/nights alongwith better performance seen in other services business. The management fee grew by ~19.7% in H1FY26. The ARR in Q2FY26 stood at Rs5479; improved when compared with Q2FY25; although the q-o-q drop in the ARR is mainly attributed to the monsoon effect especially in North India and the Goa markets that also impacted the occupancy percentages when compared with Q1FY26. The occupancy for Q2FY26 stood at 54% for the managed properties as against 60% in Q1FY26 and 58% in Q2FY25. The employee expenses witnessed an increase of ~18.4% on a y-o-y basis for the quarter under review which impacted the Ebitda margins to some extent. The increase was due to the additions made as compared to the industry standards, additions of hotels and increments provided thereof. Of the total employee costs of Rs248mn; ~Rs30mn was towards Iconiqa property. However, going forward the Management anticipates to more or less maintain the employee expenses as a % to sales and the absolute number is considered as the new base from hereon. Going forward, as and when the expenses related to Iconiqa property starts accruing and be accounted for in the PnL; optically there will be slight pressure on the Ebitda margins considering these charges are towards the lease portion. Even though the F&B revenues are slightly lower when compared on a q-o-q as well as y-o-y basis; the company is under discussions and accordingly upgrading the menu offerings to meet the customer demand. However, the contribution as a % to the overall sales will continue to remain more or less same (~40%) and is not expected to see a dip. The Management has an aspirational target to operate at ~3x from the current hotels count (FY26: 119 hotels) and at ~2.3x from the current key count (FY26: 9989 keys); thereby reaching the target of 345+ hotels with keys of ~22,000 by FY30E.

Outlook and Recommendations (contd.):

Focus on premium pricing and strategic expansions into high growth markets, ambitious target in terms of topline, addition of properties which will boost the ARR over the medium to long term perspective, full operations and immense growth from Iconiqa too is expected to add to an overall growth in the ARR. However, we would like to remain conservative on our numbers given the recent operations of Iconiqa that has started for ROHL as the effect of full scale operations and to achieve the targeted ARR as well as the occupancy levels for this property will happen in a gradual manner. Thus backed by all these rationales, we would like to maintain a conservative view on the long-term story and maintain a hold on the stock for a target price of Rs475.

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