



**ROYAL ORCHID HOTELS LTD.,**

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HAL Airport Road, Kodihalli, Bangalore - 560 008, India.  
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11.08.2017

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

To,  
The Manager,  
Listing Compliance,  
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,

***Subject: Intimation of Conference Call***

Please find enclosed herewith the presentation presented to the Analysts in the Analyst Meeting which has been held as per intimation given by our letter dated August 08, 2017.

This is for the information and records of the Exchanges.

For **ROYAL ORCHID HOTELS LIMITED**

**RANABIR SANYAL**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: a/a

# **Royal Orchid Hotels Ltd**

## **Q1FY18**

### **Results Presentation**



**1 in every 11 people worldwide are  
employed by  
TOURISM SECTOR**



**High Employment Potential Sector**

**Rs 10 Lakhs of Investment creates  
90 Jobs**



**HOSPITALITY & TOURISM**  
**is the largest contributor to GDP in**  
**service sector**



# *ROYAL ORCHID HOTELS LTD*

*Investor Presentation*  
*Q1FY18 Results*

# Discussion Outline

1

## THE TOURISM & HOSPITALITY INDUSTRY

- Size, Opportunity,
- Challenges

2

## ROHL BUSINESS CARD

- Background, Management
- Competitive Advantages

3

## BUSINESS MODEL

- Asset Light Model,
- Generate FCF, High Growth

4

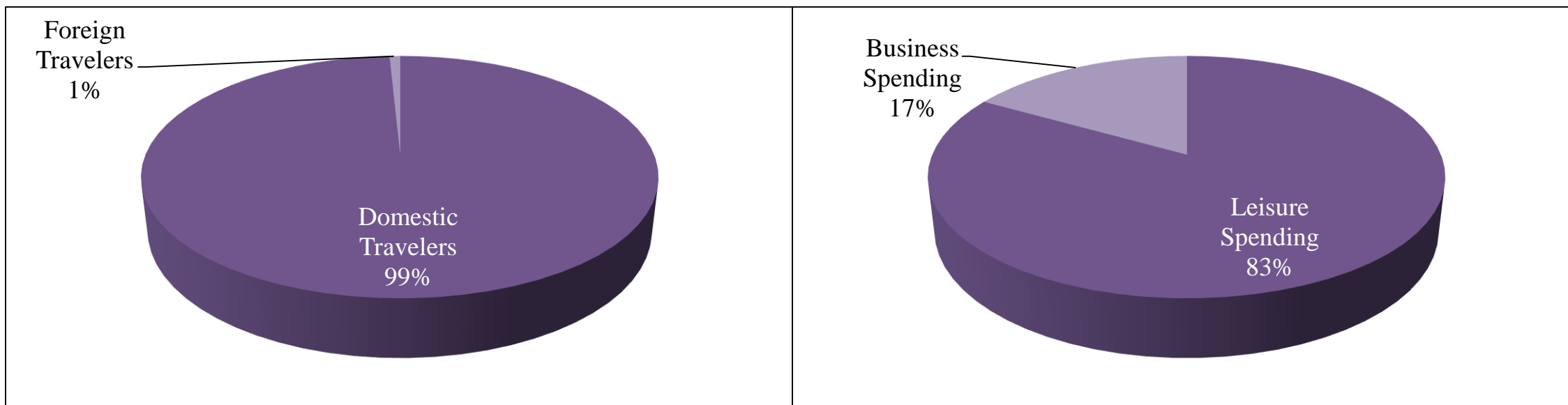
## FINANCIAL NUMBERS

- Q4 FY17 Results
- Performance Highlights
- FY17 Balance sheet and P & L statements



# Indian Tourism Sector

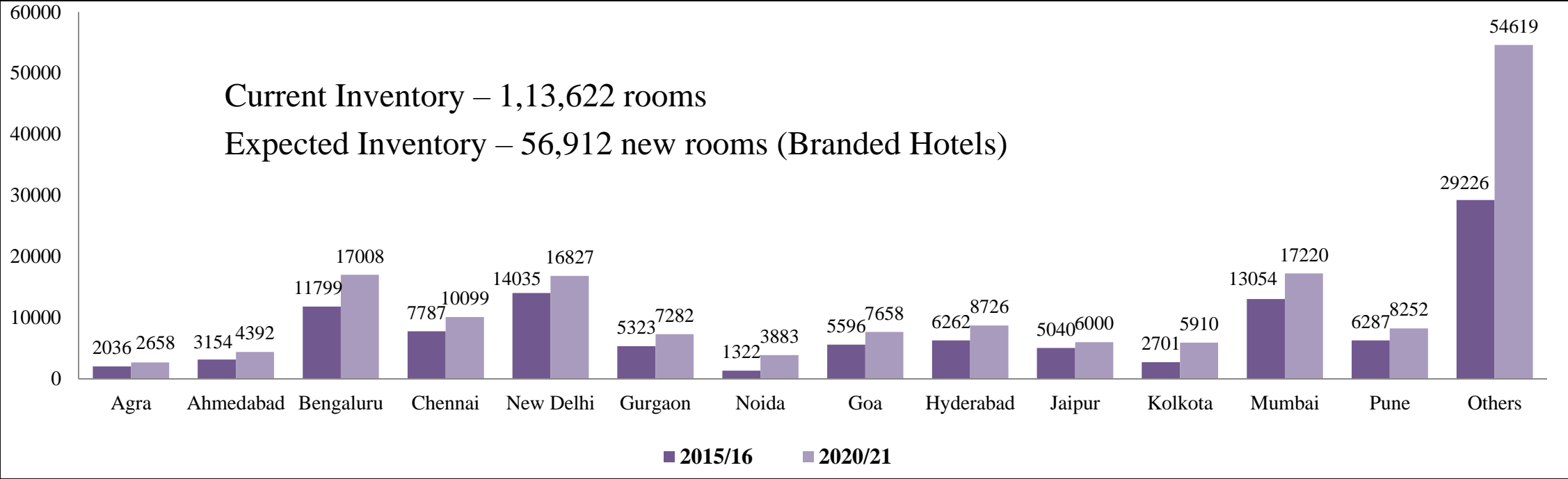
According to the World Travel & Tourism Council's Economic Impact 2017 – India's direct contribution of Travel & Tourism to GDP was INR4,809.8bn (USD71.7bn), 3.3% of total GDP in 2016 and is forecast to rise by 6.9% in 2017, and to rise by 6.8% pa, from 2017-2027, to INR9,948.5bn (USD148.2bn), 3.5% of total GDP in 2027.



Source: Company

**In 2016 India was ranked 3<sup>rd</sup> amongst 184 countries in terms of travel and tourism's total contribution to GDP**

# Huge Opportunity for Branded Hotels



Source: Company

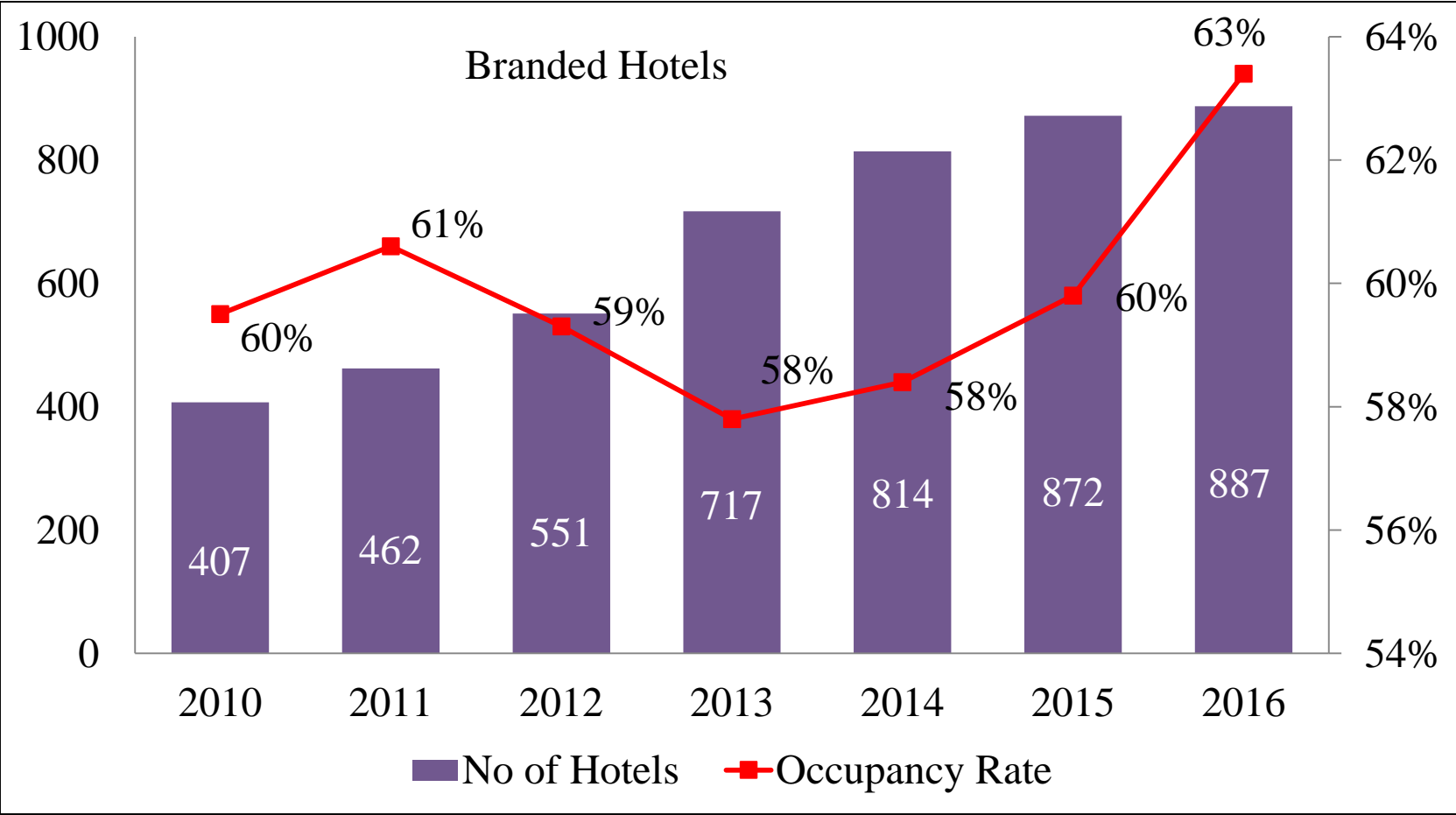
- The E – Tourist Visa launched by the government has seen an increase in the number of tourist visa issued, there were about 10,79,696 tourists visiting India in 2016
- As per Ministry of Tourism, foreign tourist arrivals (FTAs) in India increased 19.5 per cent year-on-year to 630,000 in May 2017
- As per data from Ministry of Tourism, Government of India India's foreign exchange earnings through tourism increased by 32% year-on-year to reach US\$ 2.278 billion in April 2017

## Factors Driving Growth

- Government Spending on Infra
- E- VISA facility
- Raising Middle Class Income
- Growth in Business Travelers
- Booking convenience by Aggregators
- Growth in Low cost Airlines



# Supply Exceeded Demand



Supply	↑
Demand	↓
Occupancy	↓
ARR	↓

Supply exceeded demand leading to drop in occupancy and lower room rates

Source: HVS research

# Hotel Industry – Scalability Issues

## BRAND

- Brand drives Loyal customers membership which is key to profits
- Strong brand spends, need scale to justify. Scale needs a strong brand
- Quality of management at the hotel also a brand differentiator



## CAPITAL INTENSIVE

- High Capital intensive business
- A typical 70 rooms hotel requires min cap-ex of Rs 675 mn– Rs 950 mn for refurbishment/interiors
- Op-ex includes establishment, employee and food & beverages, all upfront costs



## ARR & OCCUPANCY

- Given the nature of business, it is still price sensitive
- Pricing and Quality of service a key driver for loyal customers
- All the other hotels give similar look and feel and service quality. This is where brand plays an important role
- Strong brand along with competitive room rates leads to higher occupancy

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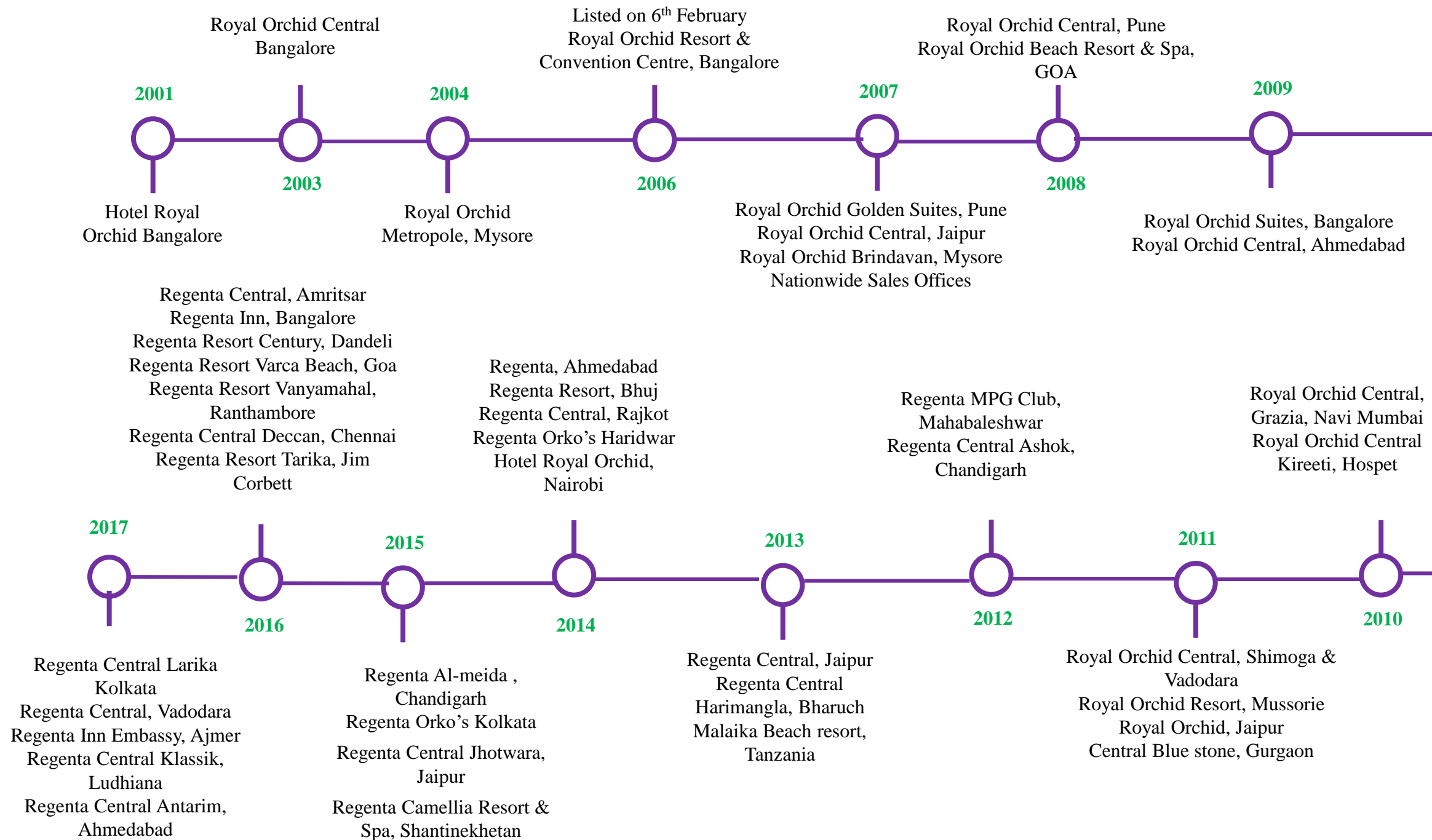
# ROHL – Business Card

- Royal Orchid Hotel Ltd was incorporated in 1986 under the name of Universal Resorts Ltd.
- Promoted by Mr. Chander Baljee, Managing Director
- Engaged in business of Managing Hotels with turnover of Rs 162 crs as on FY17 and Rs 39 crs in Q1FY18. The total turnover including the managed properties turnover is Rs 290 crs as on FY17 and Rs 67 crs in Q1FY18.
- Operates under flagship brands – Royal Orchid, Royal Orchid Central, Royal orchid Suites, Regenta Hotel & Royal Orchid Inn

As on 01 <sup>st</sup> Aug 2017	Units
CMP (Rs)	118.50
Market Cap (Rs cr)	322.72
MCap Free Float (Rs cr)	93.59
52 week high (Rs)	127.10
52 week low (Rs)	60.75
Face Value (Rs)	10
Promoter Holding	70.80%

5 Star	4 Star	Service Apartment	Budget Hotel
Hotel Royal Orchid	<ul style="list-style-type: none"><li>• Royal Orchid Central</li><li>• Regenta Hotels<ul style="list-style-type: none"><li>- Regenta Central</li><li>- Regenta Resorts</li></ul></li></ul>	Royal Orchid Suites	Regenta Inn

# Journey so far...





# Management Team

## Mr. Chander Baljee, Managing Director

Royal Orchid Hotels is promoted by **Mr. Chander Baljee**, a P.G Graduate from **Indian Institute of Management (Ahmedabad)** with over 4 decades of experience in the hospitality industry.

## Mr. Amit Jaiswal, Chief Financial Officer

Mr. Amit Jaiswal is a Bachelor of Commerce Graduate from Calcutta University and an MBA. He has vast experience of 24 years in different industries including Finance, Manufacturing and Hotels.

## Mr. Pushpinder Kumar, Executive Director

A graduate from IHM, Mumbai and OCLD (Gold medalist) with 28+ years of experience with Marriott Renaissance, Oberoi hotels & Park Plaza Hotels. Previously recognized as the CEO for Fern Hotels and Resorts.

## Mr. Vikas Passi, Vice President Operations

A Hotel Management graduate from Mangalore University and MBA in Sales & Marketing from Pune University, having 16+ years of vast experience in hotel operations and sales.

## Mr. Vijay G, Vice President Operations (South)

Over 30+ years of rich experience in Hospitality Industry. Beginning his career with IHG and has thereafter worked in various capacities at IHG, Starwood Hotels & Hiltons. He holds a diploma in hospitality management, a Bachelor's Degree in Accounting and a certificate holder of Advanced Management Program from Cornell Hotel School and General Managers Training Program from Holiday Inn Worldwide, Bangkok.

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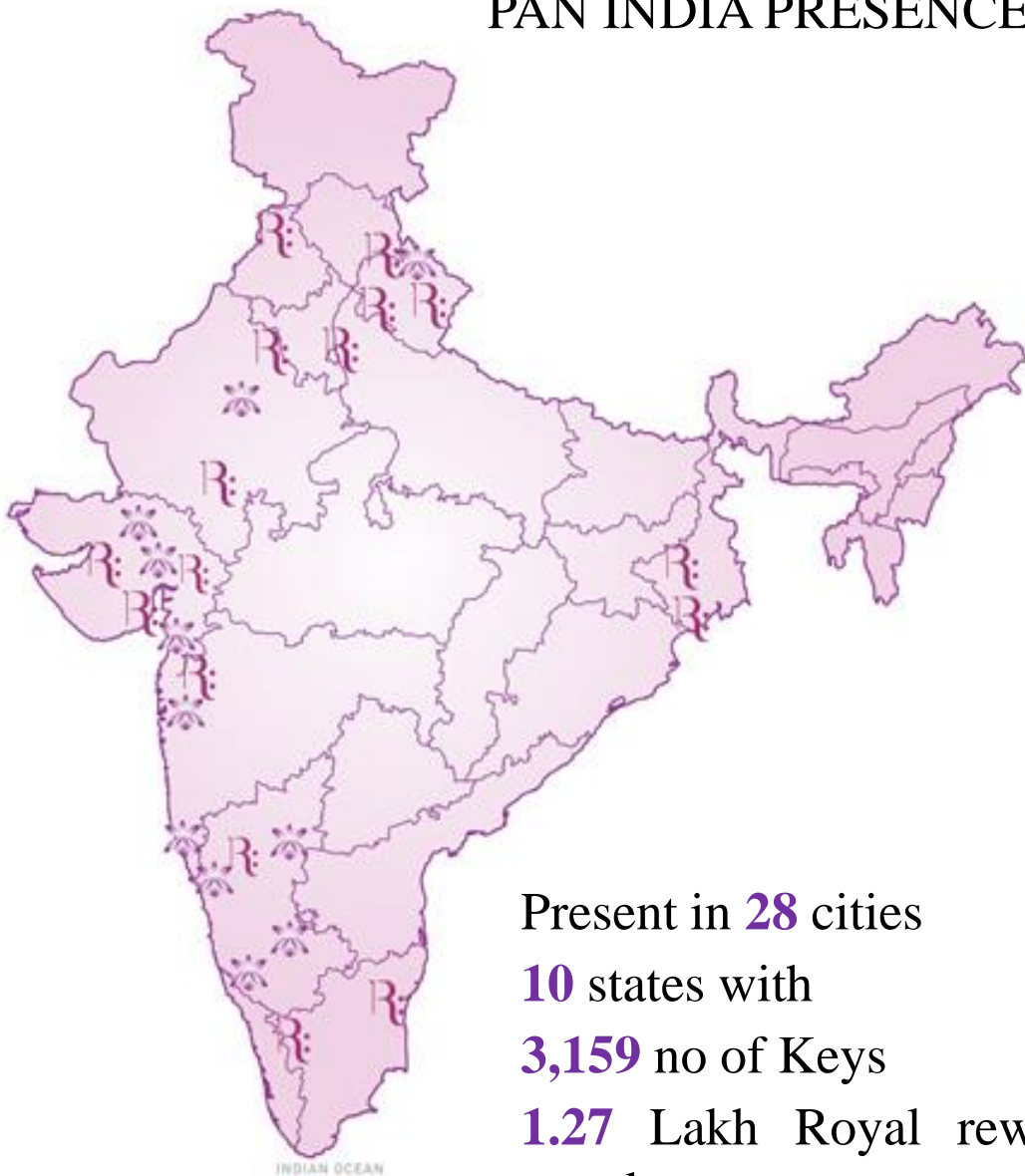
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## FINANCIAL NUMBERS

- Q2 FY17 Results
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# Asset Light Model – Generate FCF

## PAN INDIA PRESENCE



Present in **28** cities  
**10** states with  
**3,159** no of Keys  
**1.27** Lakh Royal reward members.

Business Model	MC	JV	Owned	Leased	Total
5-Star Royal Orchid	129	139	195	-	463
4-Star Central	1,501	130	-	198	1,829
Resort/ Heritage	393	73	-	188	654
Convention /MICE	-	54	-	-	54
Serviced Apartments	159	-	-	-	159
Total Keys	2,182	396	195	386	3,159

## ROYAL ORCHID BUSINESS MODEL VALIDATION

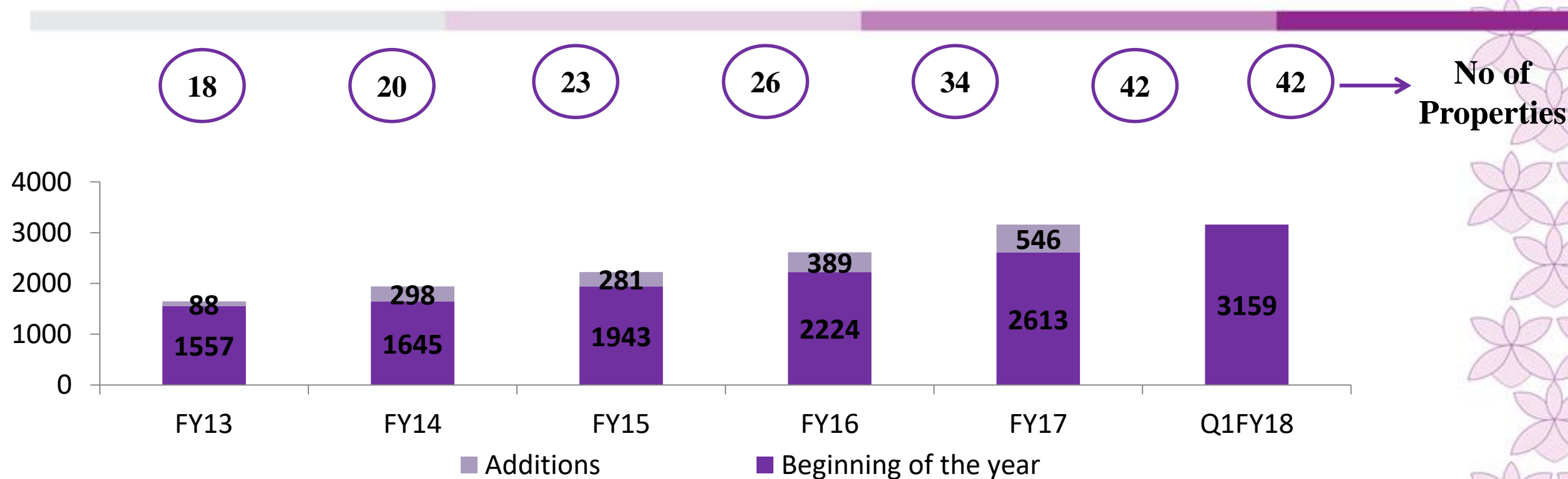
- Most of the other hotels are present in Metro cities.
- ROHL has demonstrated the scalability of keys by establishing its presence in Tier I & Tier II cities.
- ROHL will continue to bring Luxury rooms at lower rates across country.



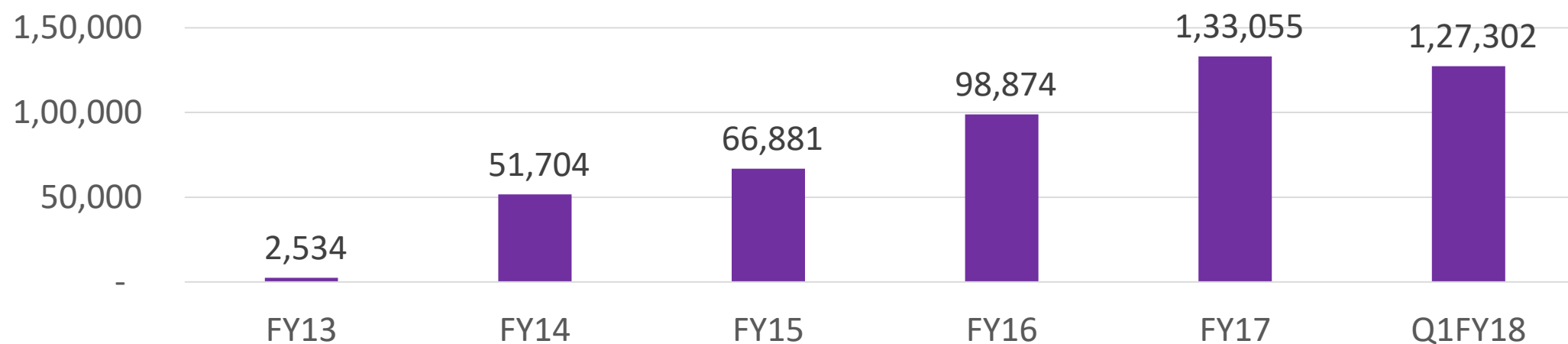
# Details of Properties

Category	Owned		JV		Leased		Managed Properties		Total Keys
	Location	Keys	Location	Keys	Location	Keys	Location	Keys	
5-Star Hotel Royal Orchid	Bangalore	195	Jaipur (50%)	139			Ahmedabad	129	463
4-Star Royal Orchid Central			Bangalore (51%)	130	Pune	115	Vashi	67	1,829
					Bangalore	83	Shimoga	108	
							Vadodara	81	
							Jaipur	70	
							Gurgaon	50	
							Chandigarh	75	
							Jaipur	57	
							Bharuch	104	
							Rajkot	60	
							Haridwar	56	
							Kolkata	69	
							Nairobi	165	
							Amritsar	38	
							Chennai	93	
							Bangalore	40	
							Kolkata	45	
							Vadodara	94	
							Ajmer	38	
							Dehradun	75	
							Ahmedabad	72	
							Jaipur	44	
Resort/ Heritage			Goa (50%)	73	Mysore	30	Mahabaleshwar	32	654
					B.Garden	24	Dandeli	17	
					Hospet	134	Mussoorie	58	
							Jim Corbett	45	
							Varca Beach, Goa	48	
							Ranthambore	70	
							Shantiniketan	58	
							Bhuj	65	
Convention MICE Hotel			Bangalore (65%)	54					54
Serviced Apartment							Pune	71	159
							Bangalore	88	
Total Keys	1	195	4	396	5	386	32	2,182	3,159

# Growth – Rooms & Members



## Loyalty programme





# High Growth – Focusing on Management Contracts

<b>Adding No of Keys</b>	<b>Q1FY17</b>	<b>Q1FY18</b>
Management Contracts	1,768	2,112
JV	396	396
Owned (Domestic)	195	195
Owned (Overseas)	-	-
Leased	456	456
<b>Total KEYS</b>	<b>2,815</b>	<b>3,159</b>
<b>Average Occupancy rate (JLO)</b>	<b>69%</b>	<b>76%</b>
<b>Average Room Rate (JLO) (Rs)</b>	<b>3,493</b>	<b>3,394</b>
<b>Average Occupancy rate (Managed)</b>	<b>66%</b>	<b>63%</b>
<b>Average Room Rate (Managed) (Rs)</b>	<b>2,931</b>	<b>2,817</b>

- **No up front Capex required for Management Contracts model**
- **Maintenance Capex required – Rs 1.5 to 2 crores**
- **Break even of Operating profit in just 1 year**

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# Standalone Results – Q1 FY18

Financial results are presented in Ind AS

Particulars (Rs in crs)	Q1 FY 18	Q1 FY17	Y-oY %
Income from Operations	21.59	19.38	11%
Other Income	2.06	1.09	89%
<b>Total Income</b>	<b>23.65</b>	<b>20.47</b>	<b>16%</b>
Cost of Material Consumed	2.43	2.67	-9%
Employee Benefits Expense	5.13	4.17	23%
Rent Expense	2.69	2.35	14%
Power & Fuel	2.89	2.23	30%
Other Expenses	6.34	6.99	-9%
<b>Total Expense</b>	<b>19.48</b>	<b>18.41</b>	<b>6%</b>
<b>EBITDA</b>	<b>4.17</b>	<b>2.06</b>	<b>102%</b>
<i>EBITDA Margin (%)</i>	18%	10%	75%
Depreciation	1.06	1.18	-10%
<b>EBIT</b>	<b>3.11</b>	<b>0.88</b>	<b>253%</b>
Finance Cost	1.53	1.42	8%
<b>PBT</b>	<b>1.58</b>	<b>-0.54</b>	<b>-393%</b>
Tax	0.43	-	0%
<b>Net Profit/(Loss )</b>	<b>1.15</b>	<b>-0.54</b>	<b>-313%</b>
<i>NPM (%)</i>	5%	-3%	-284%



# Consolidated Results – Q4 FY17

Particulars (Rs in crs)	Q4 FY17	Q3 FY17	Q-o-Q %	Q4 FY16	Y-o-Y %
Income from Operations	44.23	42.33	4%	41.68	6%
Other Income	2.06	2.57	-25%	3.60	-43%
<b>Total Income</b>	<b>46.29</b>	<b>44.90</b>	<b>3%</b>	<b>45.28</b>	<b>2%</b>
Cost of Material Consumed	5.14	5.11	1%	5.37	-4%
Employee Benefits Expense	10.38	8.88	14%	7.47	39%
Rent Expense	3.12	3.45	-11%	3.87	-20%
Power & Fuel	3.87	3.41	12%	4.30	-10%
Other Expenses	15.40	12.32	20%	14.51	6%
<b>Total Expense</b>	<b>37.91</b>	<b>33.17</b>	<b>13%</b>	<b>35.52</b>	<b>7%</b>
<b>EBITDA</b>	<b>8.38</b>	<b>11.73</b>	<b>-40%</b>	<b>9.76</b>	<b>-14%</b>
<i>EBITDA Margin (%)</i>	<i>18%</i>	<i>26%</i>	<i>-44%</i>	<i>22%</i>	<i>-16%</i>
Depreciation	3.21	3.38	-5%	3.85	-16%
<b>EBIT</b>	<b>5.17</b>	<b>8.35</b>	<b>-62%</b>	<b>5.91</b>	<b>-13%</b>
Finance Cost	3.21	3.54	-10%	4.01	-20%
<b>PBT</b>	<b>1.96</b>	<b>4.81</b>	<b>-145%</b>	<b>1.90</b>	<b>3%</b>
Tax	0.06	0.48	-706%	0.30	-80%
<b>Net Profit/Loss</b>	<b>1.90</b>	<b>4.33</b>	<b>-128%</b>	<b>1.60</b>	<b>19%</b>
Minority Interest	0.05	0.01	79%	0.12	-61%
<b>Net Profit/Loss After Minority Interest</b>	<b>1.85</b>	<b>4.32</b>	<b>-133%</b>	<b>1.48</b>	<b>25%</b>

# Consolidated Results – FY17

Particulars (Rs in crs)	FY17	FY16	% Change
Income from Operations	162.53	158.53	3%
Other Income	7.06	5.68	24%
<b>Total Income</b>	<b>169.59</b>	<b>164.21</b>	<b>3%</b>
Cost of Material Consumed	20.23	20.75	-2%
Employee Benefits Expense	38.66	36.77	5%
Rent Expense	14.59	15.15	-4%
Power & Fuel	15.99	15.38	4%
Other Expenses	52.66	50.14	5%
<b>Total Expense</b>	<b>142.13</b>	<b>138.19</b>	<b>3%</b>
<b>EBITDA</b>	<b>27.46</b>	<b>26.02</b>	<b>6%</b>
<i>EBITDA Margin (%)</i>	16%	16%	2%
Depreciation	13.11	13.90	-6%
<b>EBIT</b>	<b>14.35</b>	<b>12.12</b>	<b>18%</b>
Finance Cost	12.16	14.92	-19%
<b>PBT</b>	<b>2.19</b>	<b>-2.80</b>	<b>-178%</b>
Tax	0.78	0.84	-7%
<b>Net Profit/Loss</b>	<b>1.41</b>	<b>-3.64</b>	<b>-139%</b>
Minority Interest	-1.05	-2.34	-55%
<b>Net Profit/Loss After Minority Interest</b>	<b>2.46</b>	<b>-1.30</b>	<b>-289%</b>



# Consolidated Balance Sheet

Particulars (Rs in crs)	FY17	FY16	FY15
<b>Sources of Funds</b>			
Share Capital	27.23	27.23	27.23
Reserves & Surplus	136.35	132.59	135.44
<b>Total Networth</b>	<b>163.58</b>	<b>159.82</b>	<b>162.67</b>
Minority Interest	27.98	36.55	34.43
Secured Loan and other non current liabilities	89.61	69.73	74.48
<b>Total Non-current liabilities</b>	<b>89.61</b>	<b>106.28</b>	<b>108.91</b>
Current Liabilities	71.65	76.27	74.19
<b>Total Sources of Funds</b>	<b>352.82</b>	<b>342.37</b>	<b>345.77</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Tangible Assets	213.49	220.33	230.41
Intangible Assets	0.88	0.05	0.09
CWIP	24.02	21.98	19.68
Goodwill (on consolidation)	17.74	17.75	17.75
Loans & Advances	47.89	45.47	38.68
Non Current Investments	2.25	0.02	0.02
<b>Total Current Assets</b>	<b>49.66</b>	<b>36.77</b>	<b>39.14</b>
<b>Total Application of Funds</b>	<b>352.82</b>	<b>342.37</b>	<b>345.77</b>

# Thank You



**For further information, please contact:**

**Company:**

Royal Orchid Hotels Ltd

Mr. Amit Jaiswal

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