



**ROYAL ORCHID HOTELS LTD.,**

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CIN : L55101KA1986PLC007392  
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**Date: February 02, 2018**

**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: Presentation of Analyst/Institutional Investor Meeting under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR")***

Pursuant to Part A of Schedule III and Regulation 30(6) of the LODR, and in continuation to our Letter dated January 25, 2018 the Investor presentation is enclosed herewith.

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**  
**Q3FY18**  
**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*  
*Q3FY18 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

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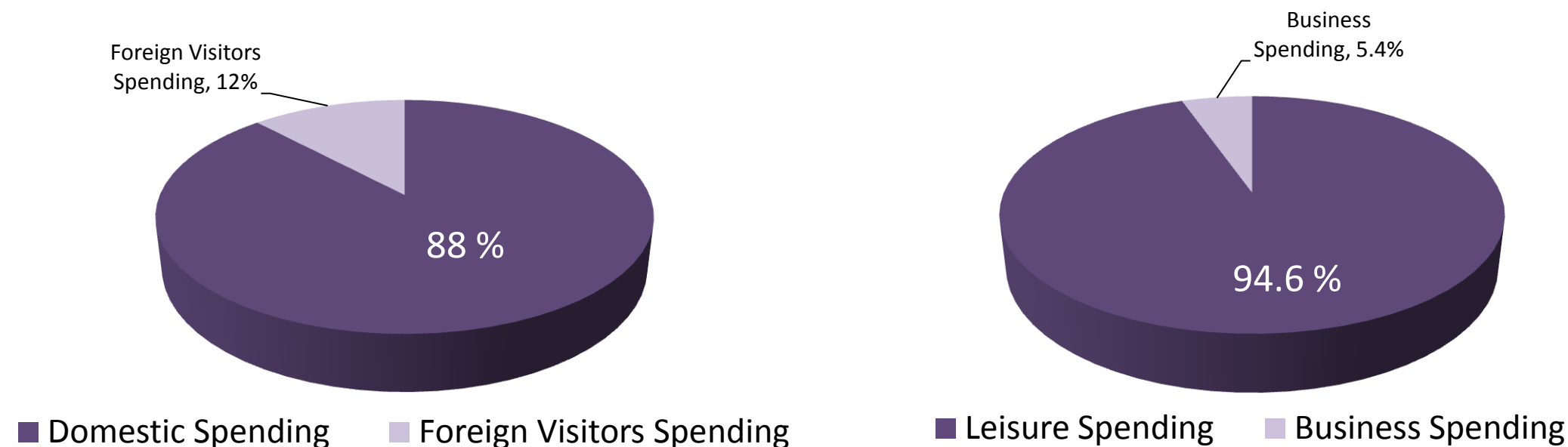
## FINANCIAL NUMBERS

- Q3 FY18 Results
- Nine months FY18 Results
- H1FY18 Balance sheet

# Indian Tourism Sector

According to the World Travel & Tourism Council report “Travel & Tourism Economic Impact 2017 – India”, the direct contribution of Travel & Tourism to GDP in 2016 was Rs. 4,809.8bn or USD71.7bn (3.3% of total GDP). By the year 2027, direct contribution of Travel & Tourism to GDP is expected to be Rs. 9,948.5bn or USD148.2bn (3.5% of total GDP )

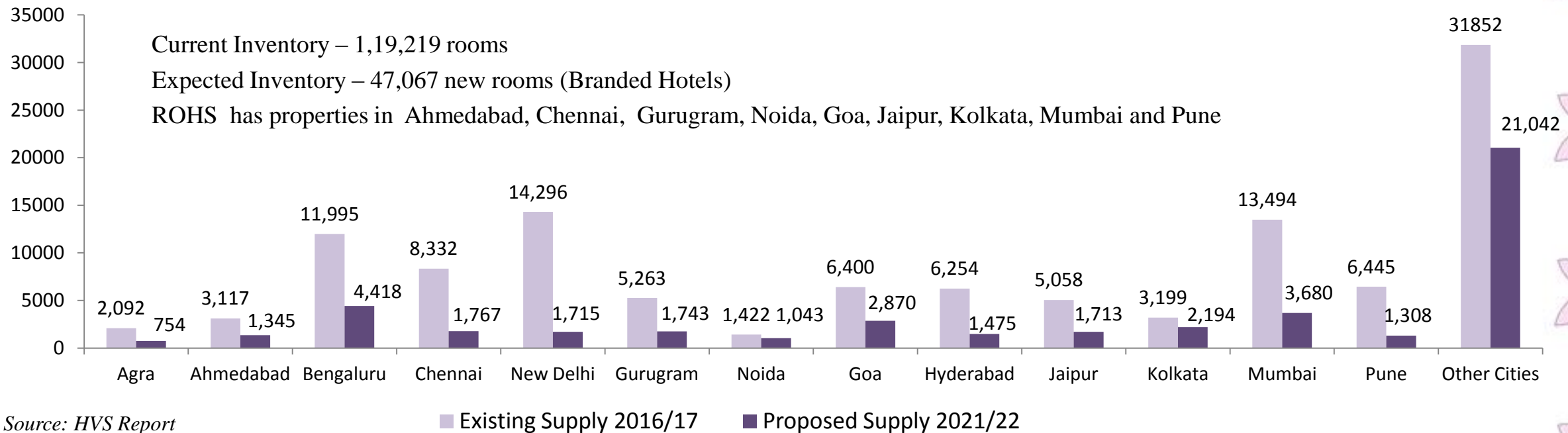
## SPENDING PATTERNS – CONTRIBUTION TO INDIA'S DIRECT TRAVEL & TOURISM GDP (2016)



Source: HVS Report

As per “Travel & Tourism Global Impact & Issues 2017 Report”, India is expected to establish itself as the fourth largest Travel & Tourism economy (both in terms of direct and total GDP) by 2027 only behind China, USA and Germany

# Huge Opportunity for Branded Hotels



- In the year 2017, a total of 16.97 lakh foreign tourist arrived on e-Tourist Visa as compare to 10.80 lakh in 2016, registering a growth of 57.2%.
- Foreign Tourist Arrivals (FTAs) in India increased 15.6 % to 101.77 lakh in 2017 compare to 88.04 lakh in 2016. The growth in 2017 over 2016 was much better than 9.7% growth reported in 2016 over 2015
- India's Foreign Exchange Earnings through tourism increased by 20.8% to US\$ 27.69bn in 2017 compare to US\$ 22.92bn in 2016. The growth in 2017 over 2016 was much better than 8.8% growth reported in 2016 over 2015

## Factors Driving Growth

Government Spending on Infra

E- VISA facility

Raising Middle Class Income

Growth in Business Travelers

Booking convenience by Aggregators

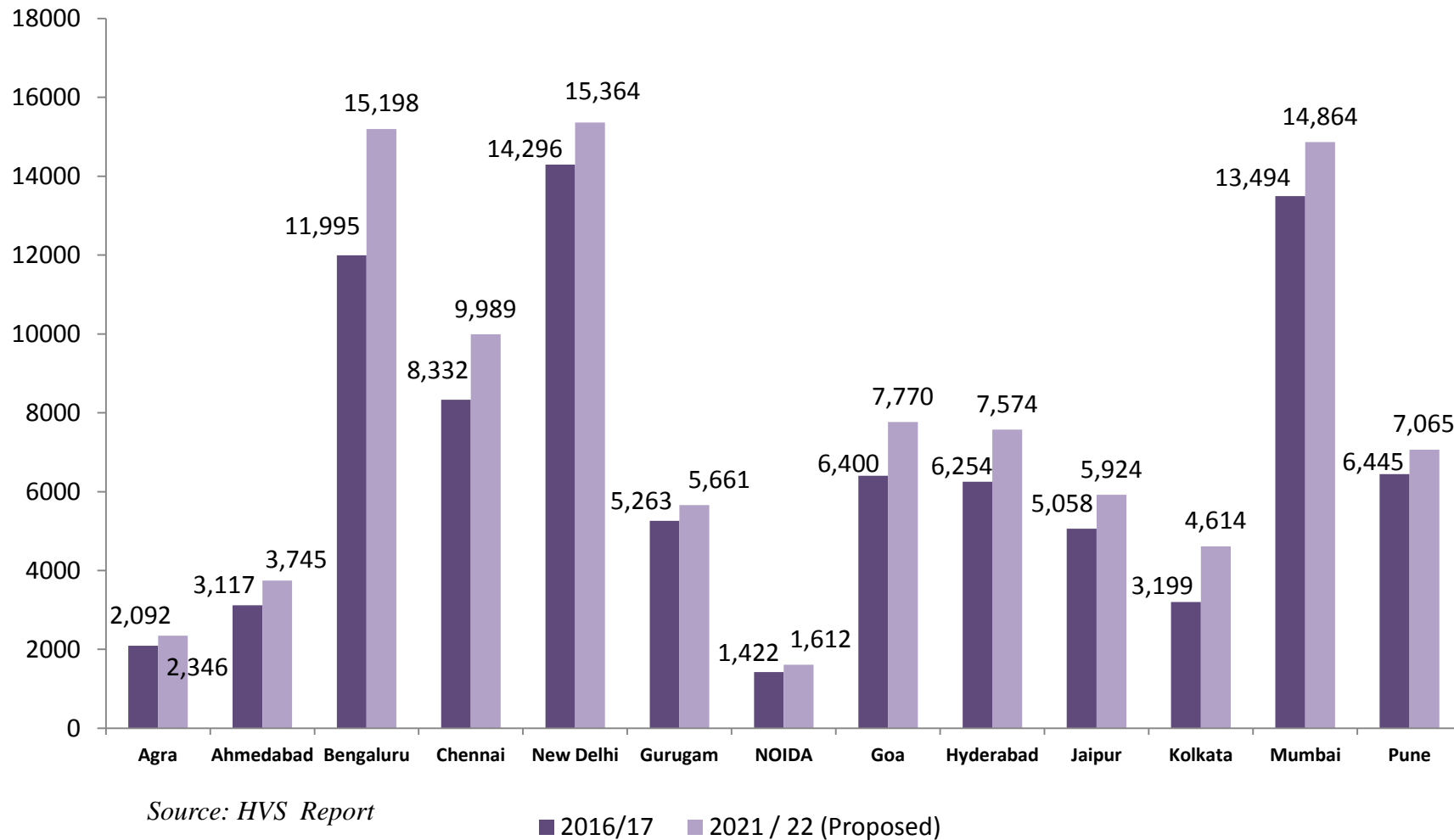
Growth in Low cost Airlines



# Supply Exceeded Demand

## PROPOSED BRANDED HOTEL ROOMS ACROSS MAJOR CITIES

ROHL has properties in, Ahmedabad, Bengaluru, Chennai, Gurugram, Goa and Jaipur



## Top 15 Busiest Airports in India by Passenger Traffic (2015/16 -2016/17)

(Rs in Lakh)	2015/16	2016/17	% Change
Delhi (DIAL)	484.2	577	19.2
Mumbai (MIAL)	416.7	451.5	8.4
Bengaluru (BIAL) <sup>(2)</sup>	189.7	228.8	20.6
Chennai <sup>(2)</sup>	152.2	183.6	20.7
Kolkata <sup>(2)</sup>	127.6	158.2	24.0
Hyderabad (GHIAL)	123.9	151	21.9
Cochin (CIAL)	77.5	86.6	15.6
Ahmedabad <sup>(2)</sup>	64.8	74.1	14.3
Goa <sup>(2)</sup>	53.8	68.6	27.5
Pune <sup>(2)</sup>	54.2	67.7	25.0
Lucknow	32.4	39.7	22.4
Thiruvananthapuram	34.7	38.8	11.8
Guwahati	27.8	37.9	36.1
Jaipur <sup>(2)</sup>	28.9	37.8	31.0
Kozhikode	23.1	26.5	15.0

(1) Source: Airport Authority of India

Source: HVS Report

(2) ROHL properties are located in Bengaluru, Chennai, Kolkata, Ahmedabad, Goa, Pune, Jaipur and Gurugram

# Hotel Industry –Overview

## Major Policy Initiative impacting the Industry

Type of Restaurant	GST Rate (%)
All restaurants	5% no Input Tax Credit
Restaurants within hotels (room tariff <7,500)	5% no Input Tax Credit
Restaurants within hotels (room tariff >7,500)	18% with Input Tax Credit
Outdoor Catering	18% with Input Tax Credit

## Industry Occupancy Rate (%)

Overall Average	2012/13	2013/14	2014/15	2015/16	2016/17	12 Months Change (%)	Compounded Growth (%) [5 years]
Overall Average	57.8	58.4	59.8	63.3	65.6	3.5	2.6
Five –Star Deluxe	60.1	59.9	61.7	64.3	66.5	3.4	2.1
Five –Star	55.4	55.7	57.2	61.2	64.6	5.5	3.1
Four –Star	57.9	59.1	61.2	64.2	65.6	2.2	2.5
Three-Star	56.8	57.9	59.8	64.8	66.5	2.6	3.2
Two-Star	59.0	61.0	57.7	60.4	62.7	3.9	1.2

## Industry Average Room Rate (Rs)

Overall Average	2012/13	2013/14	2014/15	2015/16	2016/17	12 Months Change (%)	Compounded Growth (%) [5 years]
Overall Average	5,779	5,611	5,532	5,527	5,658	2.4	-0.4
Five –Star Deluxe	8,982	8,727	8,815	8,881	9,098	2.4	0.3
Five –Star	5,881	5,720	5,559	5,484	5,638	2.8	-0.8
Four –Star	4,691	4,474	4,361	4,424	4,639	4.9	-0.2
Three-Star	3,252	3,083	3,039	3,155	3,265	3.5	0.1
Two-Star	1,849	2,063	2,063	2,122	2,194	3.4	3.5

Source: HVS Report

# 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

- Pressure on ARR because on heavy discounting offered by Online aggregators.
- 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 50.02 crs in Q3FY18 and Rs 130.68 crs in YTD FY18. The no of hotels managed by the management in Q3FY18 is 47.
- Operates under flagship brands – Royal Orchid, Royal Orchid Central, Royal Orchid Suites, Regenta Hotels & Regenta Inn

As on January 30, 2018	Units
CMP (Rs)	214.90
Market Cap (Rs cr)	585.98
MCap Free Float (Rs cr)	172.39
52 week high (Rs)	227.40
52 week low (Rs)	79.00
Face Value (Rs)	10
Promoter Holding	69.61%

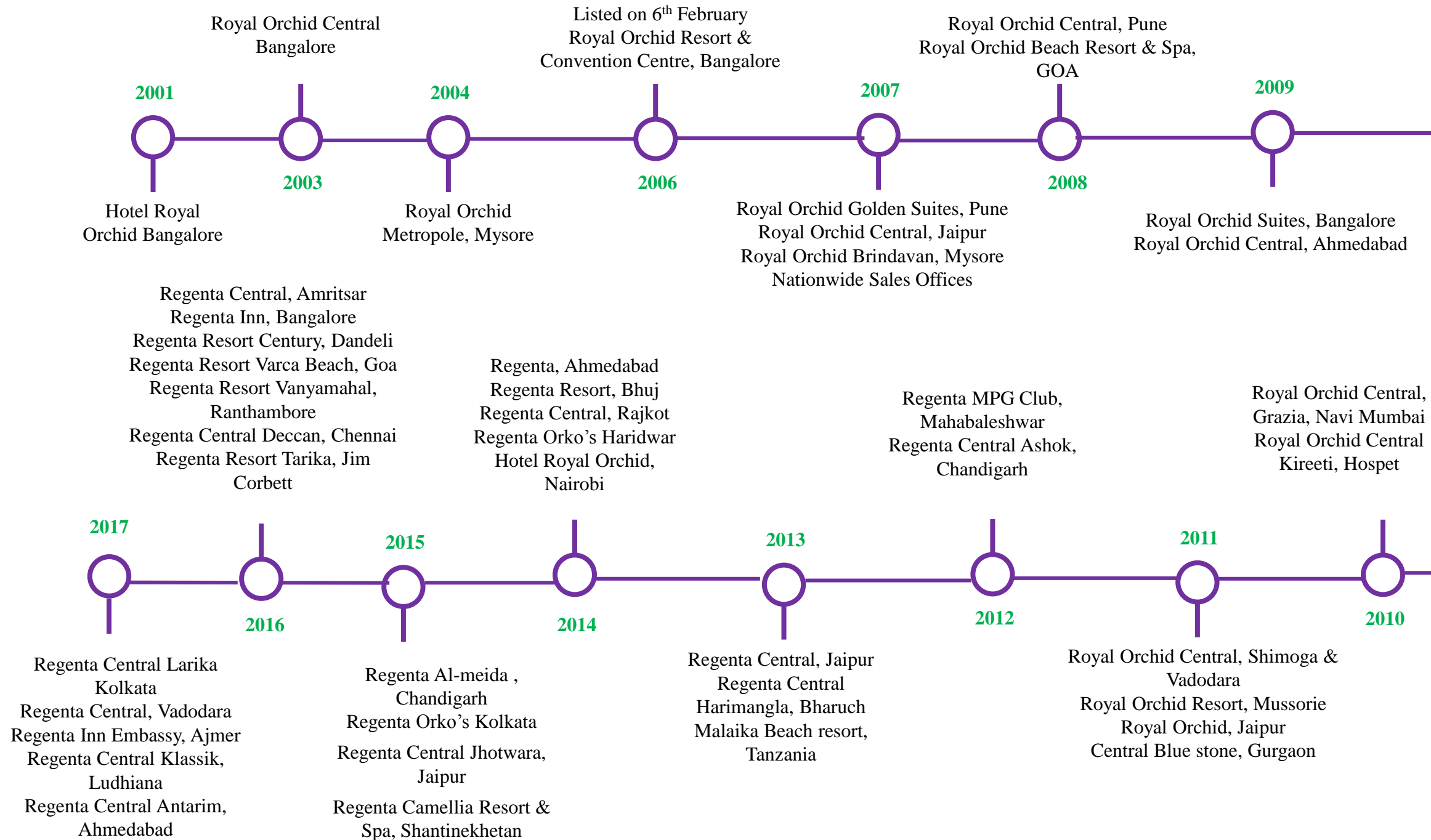
5 Star
<b>Hotel Royal Orchid</b>

4 Star
<ul style="list-style-type: none"> <li>• <b>Royal Orchid Central</b></li> <li>• <b>Regenta Hotels</b> <ul style="list-style-type: none"> <li>- Regenta Central</li> <li>- Regenta Resorts</li> </ul> </li> </ul>

Service Apartment
<b>Royal Orchid Suites</b>

Budget Hotel
<b>Regenta Inn</b>

# 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 Commerce graduate from Calcutta University MBA, BA LLB. He has vast experience of 25 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.

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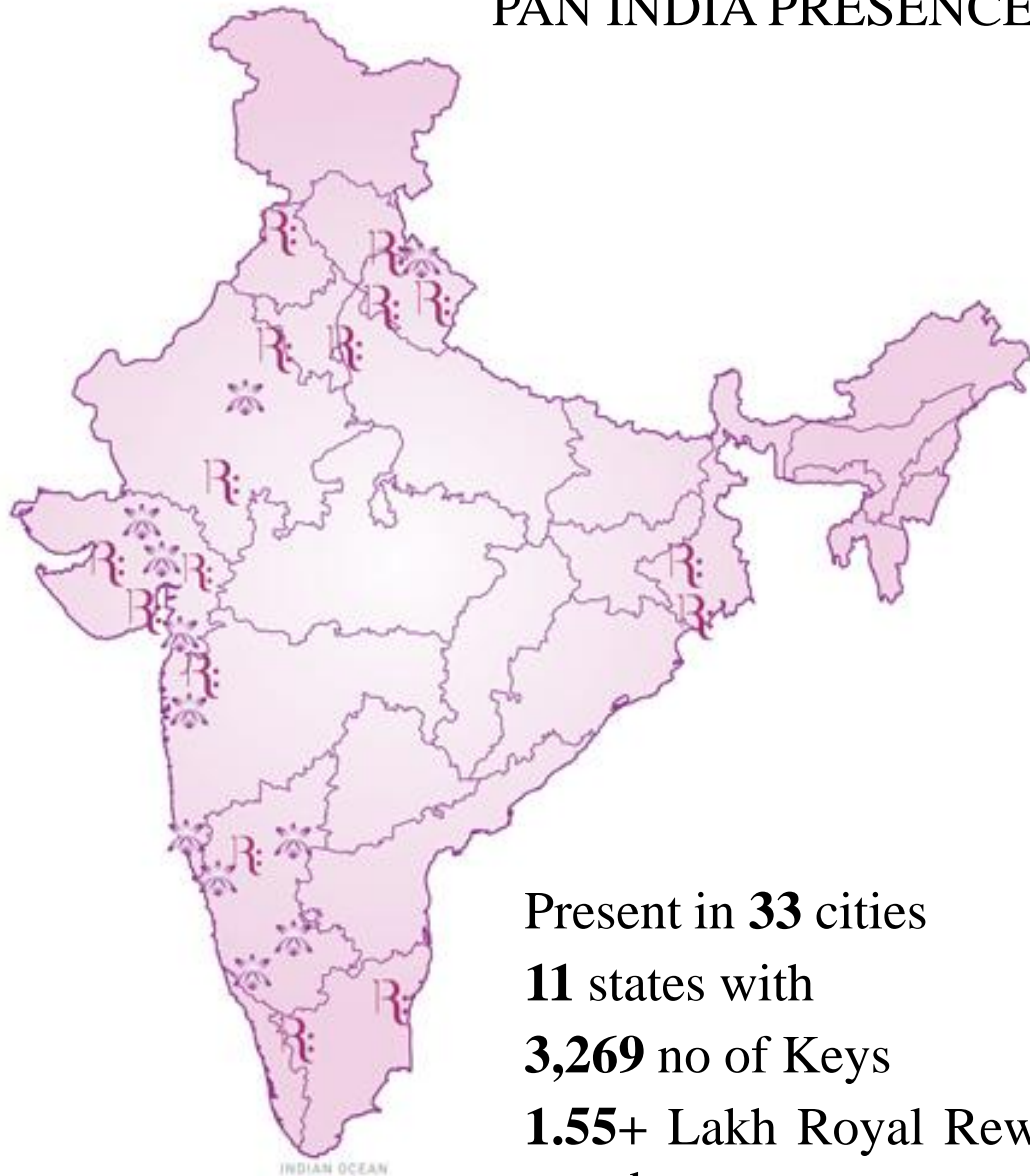
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# Asset Light Model – Generate FCF

## PAN INDIA PRESENCE



Present in **33** cities  
**11** states with  
**3,269** no of Keys  
**1.55+** Lakh Royal Reward  
members.

Business Model	MC	JV	Owned	Leased	Total
5-Star Royal Orchid	-	139	195	-	<b>334</b>
4-Star Central	1,562	130	-	198	<b>1,890</b>
Resort/ Heritage	571	73	-	188	<b>832</b>
Convention /MICE	-	54	-	-	<b>54</b>
Serviced Apartments	159	-	-	-	<b>159</b>
<b>Total Keys</b>	<b>2,292</b>	<b>396</b>	<b>195</b>	<b>386</b>	<b>3,269</b>

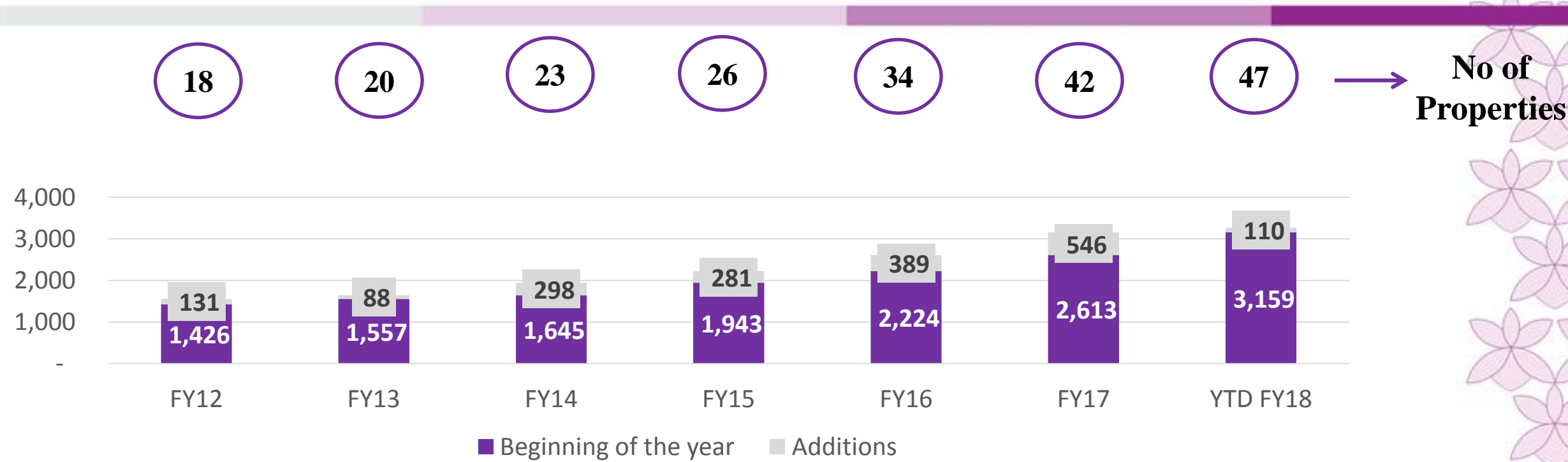
## ROYAL ORCHID BUSINESS MODEL VALIDATION

- 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.

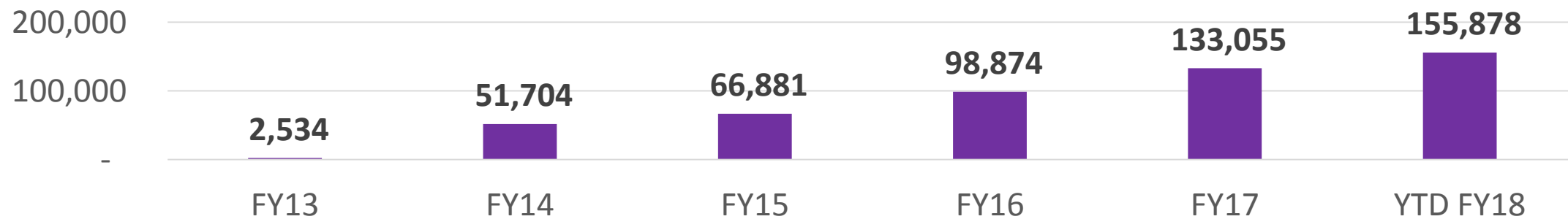
# Details of Properties

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					334
4-Star Royal Orchid Central Regenta Central			Bangalore (51%)	130	Pune	115	Vashi	67	1,890
					Bangalore	83	Shimoga	108	
					Vadodara	81			
					Gurgaon	50			
					Chandigarh	75			
					Jaipur	57			
					Bharuch	104			
					Rajkot	60			
					Haridwar	56			
					Kolkata	69			
					Amritsar	38			
					Chennai	93			
					Bangalore	40			
					Kolkata	45			
					Vadodara	94			
					Srinagar	45			
					Indore	52			
					Kanpur	47			
					Belgaum	50			
		Ludhiana	75						
		Ahmedabad	72						
		Mysore	70						
		Jaipur	70						
		Jaipur	44						
Resort/ Heritage			Goa (50%)	73	Mysore	30	Mahabaleshwar	32	832
					B.Garden	24	Dandeli	17	
					Hospet	134	Mussoorie	58	
							Jim Corbett	45	
							Varca Beach, Goa	48	
							Ranthambore	70	
							Dwarka	53	
							Ajmer	38	
							Dehradun	75	
							Pushkar	70	
							Bhuj	65	
Convention MICE Hotel			Bangalore (65%)	54					54
Serviced Apartment							Pune	71	159
							Bangalore	88	
<b>Total Keys</b>	<b>1</b>	<b>195</b>	<b>4</b>	<b>396</b>	<b>6</b>	<b>386</b>	<b>36</b>	<b>2,292</b>	<b>3,269</b>

# Growth – Rooms & Members



## Loyalty members



# High Growth – Focusing on Management Contracts

<b>Adding No of Keys</b>	<b>9 Mth FY17</b>	<b>9 Mth FY18</b>
Management Contracts	2,061	2,292
JV	396	396
Owned (Domestic)	195	195
Owned (Overseas)	-	-
Leased	322	386
<b>Total KEYS</b>	<b>2,974</b>	<b>3,269</b>
<b>Average Occupancy rate (JLO)</b>	<b>67%</b>	<b>76%</b>
<b>Average Room Rate (JLO) (Rs)</b>	<b>3,625</b>	<b>3,720</b>
<b>Average Occupancy rate (Managed)</b>	<b>67%</b>	<b>65%</b>
<b>Average Room Rate (Managed) (Rs)</b>	<b>2,896</b>	<b>2,847</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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- 9 Mths FY 18 Results
- 9 Mths FY18 Balance Sheet

# Standalone Results – Q3FY18

Particulars (Rs in Crs)	Q3 FY18	Q2FY18	Q-o-Q %	Q3 FY17	Y-o-Y %
Income from Operations	28.40	24.72	15%	22.47	26%
Other Income	1.23	2.31	-47%	3.10	-60%
<b>Total Income</b>	<b>29.63</b>	<b>27.03</b>	<b>10%</b>	<b>25.57</b>	<b>16%</b>
Cost of Material Consumed	2.92	2.50	17%	2.89	1%
Employee Benefits Expense	5.16	5.27	-2%	4.38	18%
Rent Expense	3.06	2.74	12%	2.36	30%
Power & Fuel	2.28	2.60	-12%	1.94	18%
Other Expenses	8.11	7.54	8%	7.13	14%
<b>Total Expense</b>	<b>21.53</b>	<b>20.65</b>	<b>4%</b>	<b>18.70</b>	<b>15%</b>
<b>EBITDA</b>	<b>8.10</b>	<b>6.38</b>	<b>27%</b>	<b>6.87</b>	<b>18%</b>
<i>EBITDA Margin (%)</i>	<i>27%</i>	<i>24%</i>	<i>16%</i>	<i>27%</i>	<i>2%</i>
Depreciation	1.09	1.13	-4%	1.18	-8%
<b>EBIT</b>	<b>7.01</b>	<b>5.25</b>	<b>34%</b>	<b>5.69</b>	<b>23%</b>
Finance Cost	1.28	1.35	-5%	1.55	-17%
<b>PBT</b>	<b>5.73</b>	<b>3.90</b>	<b>47%</b>	<b>4.14</b>	<b>38%</b>
Tax	1.52	0.75	103%	-0.03	-4608%
<b>Net Profit</b>	<b>4.21</b>	<b>3.15</b>	<b>34%</b>	<b>4.17</b>	<b>1%</b>
<b>Net Profit Margin (%)</b>	<b>14%</b>	<b>12%</b>	<b>22%</b>	<b>16%</b>	<b>-13%</b>

# Standalone Results – 9 Months (FY18)

Particulars (Rs in Crs)	Dec 2017	Dec 2016	% Change
Income from Operations	75.30	61.61	22%
Other Income	5.60	7.02	-20%
<b>Total Income</b>	<b>80.90</b>	<b>68.63</b>	<b>18%</b>
Cost of Material Consumed	7.87	8.00	-2%
Employee Benefits Expense	15.55	12.92	20%
Rent Expense	8.50	6.99	22%
Power & Fuel	7.77	6.13	27%
Other Expenses	22.56	20.53	10%
<b>Total Expense</b>	<b>62.25</b>	<b>54.57</b>	<b>14%</b>
<b>EBITDA</b>	<b>18.65</b>	<b>14.06</b>	<b>33%</b>
<i>EBITDA Margin (%)</i>	<i>23%</i>	<i>20%</i>	<i>13%</i>
Depreciation	3.28	3.43	-4%
<b>EBIT</b>	<b>15.37</b>	<b>10.63</b>	<b>45%</b>
Finance Cost	4.16	4.48	-7%
<b>PBT</b>	<b>11.21</b>	<b>6.15</b>	<b>82%</b>
Tax	2.70	0.64	320%
<b>Net Profit</b>	<b>8.51</b>	<b>5.51</b>	<b>55%</b>
<i>Net Profit Margin (%)</i>	<i>11%</i>	<i>8%</i>	<i>31%</i>

# Standalone Balance Sheet

Particulars (Rs in Crs)	H1FY18	FY 2017	FY 2016
<b>Sources of Funds</b>			
Share Capital	27.23	27.23	27.23
Reserves & Surplus	179.92	173.76	167.14
<b>Total Networth</b>	<b>207.15</b>	<b>200.99</b>	<b>194.37</b>
Secured Loan and other non current liabilities	43.38	47.47	37.19
<b>Total Non-current liabilities</b>	<b>43.38</b>	<b>47.47</b>	<b>37.19</b>
Current Liabilities	33.91	32.73	36.63
<b>Total Sources of Funds</b>	<b>284.44</b>	<b>281.19</b>	<b>268.19</b>
<b>Application of Funds</b>			
Property, plant and equipment	36.09	37.29	33.77
Capital work-in-progress	0.09	--	1.69
Loans & advances	50.22	46.29	48.55
Non Current Investments	166.94	169.17	162.92
<b>Total Non-current assets</b>	<b>253.34</b>	<b>252.75</b>	<b>246.93</b>
Current Assets	31.10	28.44	21.26
<b>Total Application of Funds</b>	<b>284.44</b>	<b>281.19</b>	<b>268.19</b>



# Thank You

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**For further information, please contact:**

**Company:**

Royal Orchid Hotels Ltd

Mr. Amit Jaiswal

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