



ROYAL ORCHID HOTELS LTD.,

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Date: May 29, 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: Outcome 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 May 24, 2018.

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

FY18

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

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ROYAL ORCHID HOTELS LTD

*Investor Presentation
FY18 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

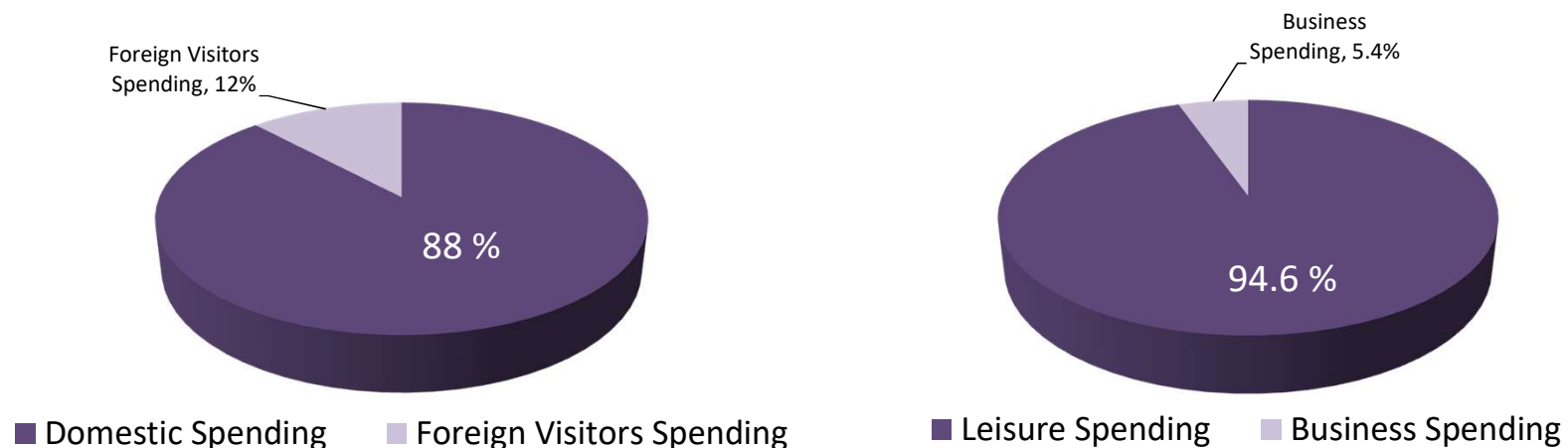
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Indian Tourism Sector

According to the World Travel & Tourism Council report “Travel & Tourism Economic Impact 2018 – India”, the direct contribution of Travel & Tourism to GDP in 2017 was Rs. 5,943.3bn or USD91.3bn (3.7% of total GDP). By the year 2028, direct contribution of Travel & Tourism to GDP is expected to be Rs. 12,677.9bn or USD194.7bn (3.9% of total GDP)

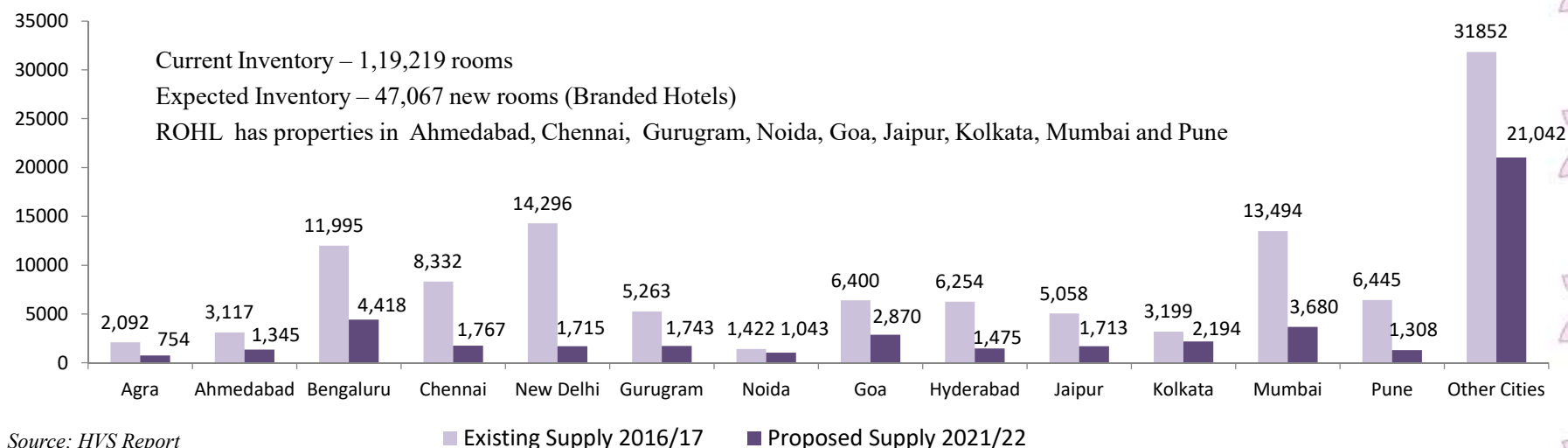
SPENDING PATTERNS – CONTRIBUTION TO INDIA'S DIRECT TRAVEL & TOURISM GDP (2016)



Source: HVS Report

As per “Travel & Tourism Global Impact & Issues 2018 Report”, India is expected to establish itself as the third largest Travel & Tourism economy (both in terms of direct and total GDP) by 2028 only behind China and the USA

Huge Opportunity for Branded Hotels



- In March 2018, a total of 2.46 lakh foreign tourists arrived on e-Tourist Visa, in comparison with 1.46 lakh foreign tourists in March 2017, registering a growth of 68.8 %
- In CY2017, Foreign Tourist Arrivals (FTAs) in India stood at 101.77 lakh and it reached to 31.3 lakh in January-March, 2018
- India's Foreign Exchange Earnings (FEEs) through tourism increased by 20.8% to US\$ 27.69bn in CY2017 and during January-March, 2018 (FEEs) from tourism increased by 20.4% on YoY basis to US\$ 8.3 billion.

Source: IBEF Report

Factors Driving Growth

Government Spending on Infra

E- VISA facility

Raising Middle Class Income

Growth in Business Travelers

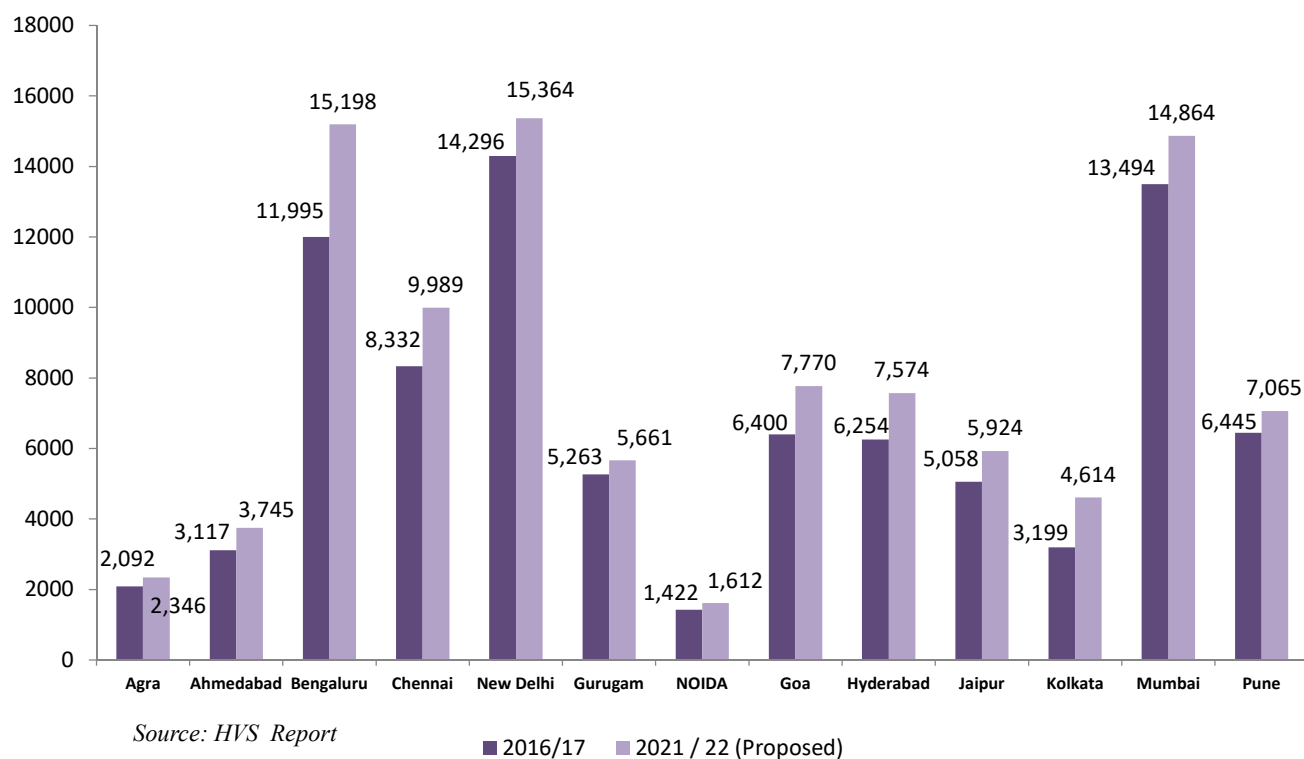
Booking convenience by Aggregators

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) ⁽²⁾	189.7	228.8	20.6
Chennai ⁽²⁾	152.2	183.6	20.7
Kolkata ⁽²⁾	127.6	158.2	24.0
Hyderabad (GHIAL)	123.9	151	21.9
Cochin (CIAL)	77.5	86.6	15.6
Ahmedabad ⁽²⁾	64.8	74.1	14.3
Goa ⁽²⁾	53.8	68.6	27.5
Pune ⁽²⁾	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 ⁽²⁾	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	2013/14	2014/15	2015/16	2016/17	2017/18	12 Months Change (%)	Compounded Growth (%) [5 years]
Overall Average	58.4	59.8	63.3	65.6			
Five –Star Deluxe	59.9	61.7	64.3	66.5			
Five –Star	55.7	57.2	61.2	64.6			
Four –Star	59.1	61.2	64.2	65.6			
Three-Star	57.9	59.8	64.8	66.5			
Two-Star	61.0	57.7	60.4	62.7			

Industry Average Room Rate (Rs)

Overall Average	2013/14	2014/15	2015/16	2016/17	2017/18	12 Months Change (%)	Compounded Growth (%) [5 years]
Overall Average	5,611	5,532	5,527	5,658			
Five –Star Deluxe	8,727	8,815	8,881	9,098			
Five –Star	5,720	5,559	5,484	5,638			
Four –Star	4,474	4,361	4,424	4,639			
Three-Star	3,083	3,039	3,155	3,265			
Two-Star	2,063	2,063	2,122	2,194			

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 an annual turnover of Rs. 199.84 crores in FY18. The no of hotels managed by the management in FY18 is 47.
- Operates under flagship brands – Royal Orchid, Royal Orchid Central, Royal Orchid Suites, Regenta Hotels & Regenta Inn

As on May 29, 2018	Units
CMP (Rs)	195.30
Market Cap (Rs cr)	532.92
MCap Free Float (Rs cr)	159.47
52 week high (Rs)	239.00
52 week low (Rs)	96.05
Face Value (Rs)	10
Promoter Holding	69.53%

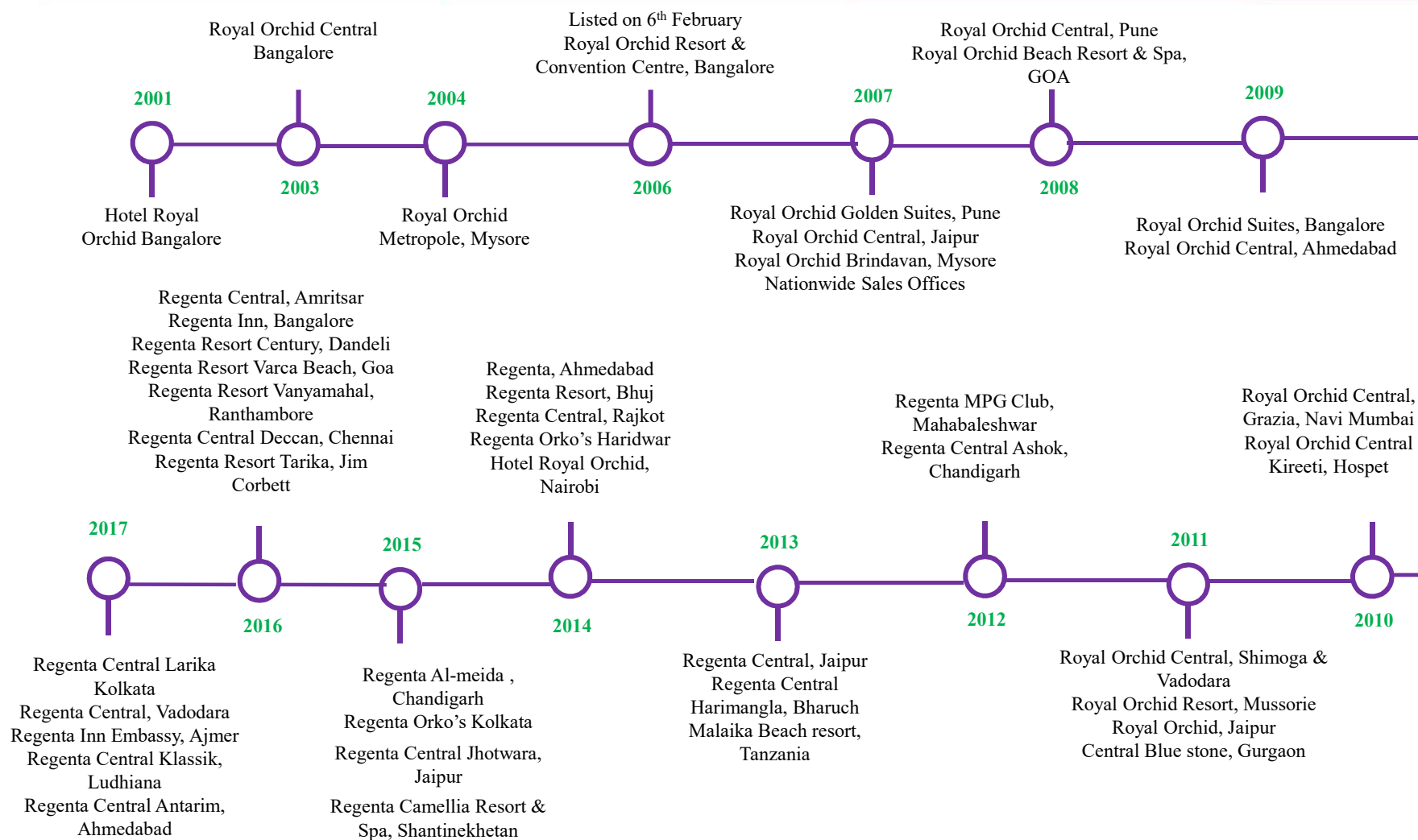
5 Star
Hotel Royal Orchid

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

Service Apartment
Royal Orchid Suites

Budget Hotel
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 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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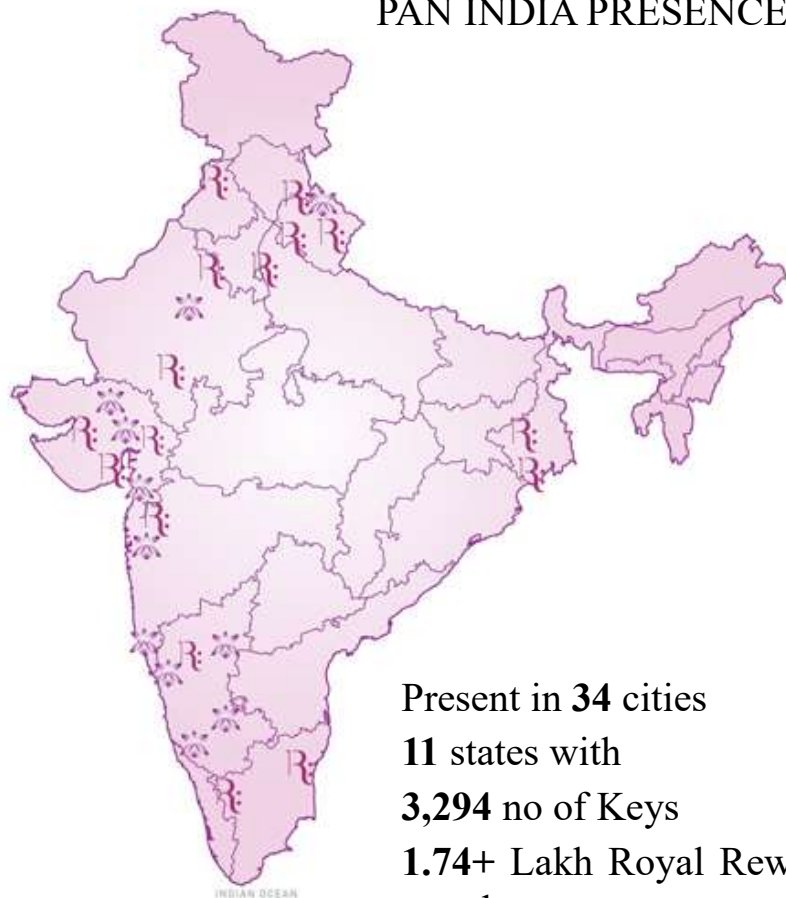
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Asset Light Model – Generate FCF

PAN INDIA PRESENCE



Present in **34** cities
11 states with
3,294 no of Keys
1.74+ Lakh Royal Reward
members.

Business Model	MC	JV	Owned	Leased	Total
5-Star Royal Orchid	-	139	195	-	334
4-Star Central	1,512	130	-	198	1,840
Resort/ Heritage	646	73	-	188	907
Convention /MICE	-	54	-	-	54
Serviced Apartments	159	-	-	-	159
Total Keys	2,317	396	195	386	3,294

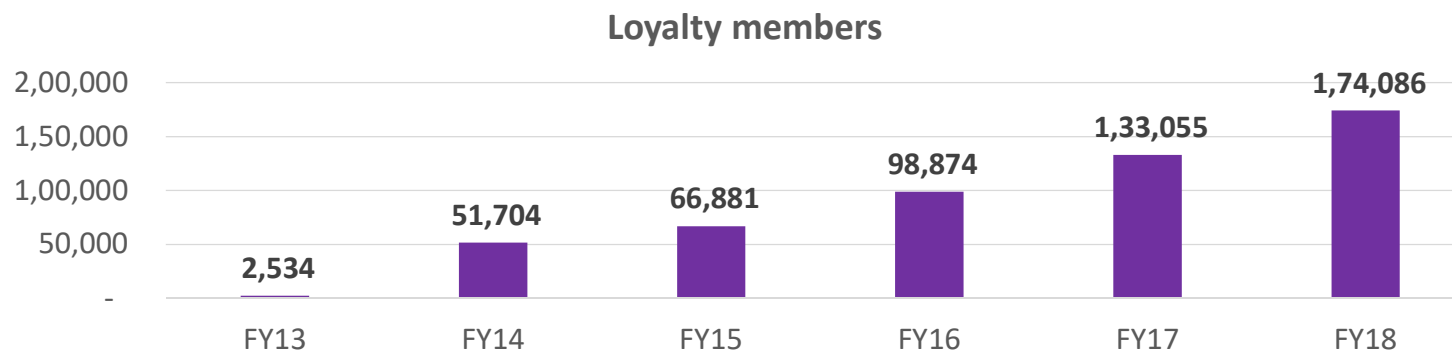
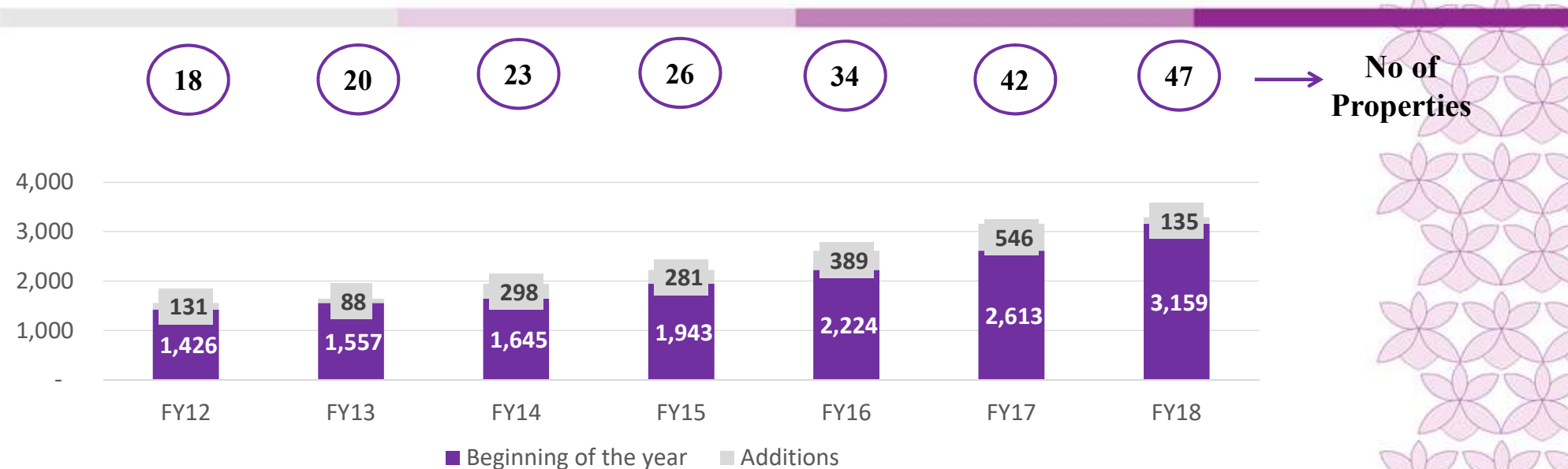
ROYAL ORCHID BUSINESS MODEL VALIDATION

- 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	1,840
					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	
							Ludhiana	75	
							Ahmedabad	72	
							Mysore	70	
							Jaipur	70	
							Jaipur	44	
Resort/ Heritage			Goa (50%)	73	Mysore	30	Mahabaleshwar	32	907
					B.Garden	24	Varca Beach, Goa	48	
					Hospet	134	Mussoorie	58	
							Jim Corbett	45	
							Ranthambore	70	
							Dwarka	53	
							Ajmer	38	
							Dehradun	75	
							Pushkar	70	
							Somnath	60	
Convention MICE Hotel Serviced Apartment			Bangalore (65%)	54			Nasik	32	54
							Bhuj	65	
Total Keys	1	195	4	396	6	386	Pune	71	159
							Bangalore	88	
Total Keys	1	195	4	396	6	386	36	2,317	3,294

Growth – Rooms & Members



High Growth – Focusing on Management Contracts

Adding No of Keys	FY17	FY18
Management Contracts	2,112	2,317
JV	396	396
Owned (Domestic)	195	195
Owned (Overseas)	-	-
Leased	456	386
Total KEYS	3,159	3,294
Average Occupancy rate (JLO)	70%	78%
Average Room Rate (JLO) (Rs)	3,763	3,853
Average Occupancy rate (Managed)	66%	67%
Average Room Rate (Managed) (Rs)	2,922	2,886

- **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 – FY18

Ind-AS compliant

Particulars (Rs in Crs)	FY18	FY17	Y-o-Y %
Income from Operations	103.59	92.73	12%
Other Income	5.99	9.10	-34%
Total Income	109.58	101.82	8%
Cost of Material Consumed	10.56	11.78	-10%
Employee Benefits Expense	21.16	19.38	9%
Power and fuel Expense	10.02	9.97	1%
Rent Expense	11.57	10.28	13%
Other Expenses	31.16	30.15	3%
Total Expense	84.47	81.55	4%
EBITDA	25.11	20.27	24%
<i>EBITDA Margin (%)</i>	23%	20%	15%
Depreciation	4.39	4.48	-2%
EBIT	20.73	15.79	31%
Finance Cost	5.24	6.06	-13%
PBT	15.49	9.73	59%
Tax	4.51	3.98	13%
Net Profit	10.98	5.76	91%
Other Comprehensive Income/(Loss)	(0.00)	(0.12)	-100%
Total Comprehensive Income	10.98	5.63	95%
<i>Net Profit Margin (%)</i>	10%	6%	81%
EPS (In Rs)	4.03	2.07	95%

Consolidated Results – FY18

Ind-AS compliant

Particulars (Rs in Crs)	FY18	FY17	Y-o-Y %
Income from Operations	190.90	174.87	9%
Other Income	8.93	12.76	-30%
Total Income	199.84	187.63	7%
Cost of Material Consumed	20.27	21.48	-6%
Employee Benefits Expense	46.68	44.34	5%
Rent Expense	13.64	14.98	-9%
Power and Fuel Expenses	16.85	17.19	-2%
Other Expenses	62.66	57.94	8%
Total Expense	160.10	155.93	3%
EBITDA	39.74	31.70	25%
<i>EBITDA Margin (%)</i>	20%	17%	18%
Depreciation	15.82	16.12	-2%
EBIT	23.92	15.58	54%
Finance Cost	14.69	15.47	-5%
PBT	9.22	0.11	8084%
Tax	6.81	4.67	46%
Net Profit	2.41	(4.56)	-153%
Other Comprehensive Income/(Loss)	0.05	0.02	193%
Total Comprehensive Income	2.46	(4.54)	-154%
Non-Controlling Interest	(0.93)	(1.10)	-16%
Total Comprehensive Income attributable to owners	3.39	(3.44)	-199%
Net Profit Margin (%)	2%	-2%	-193%

Standalone Balance Sheet

Ind-AS compliant

Particulars (Rs in Crs)	FY 2018	FY 2017
Assets		
Property, plant and equipment	34.26	38.12
Capital work-in-progress	0.29	-
Investments	165.58	171.23
Other non-current assets	60.72	44.38
Total Non-current assets	260.85	253.73
Current assets	31.90	28.79
Total Assets	292.75	282.52
Equity and liabilities		
(a) Equity share capital	27.30	27.23
(b) Other equity	187.59	175.38
Total Network	214.89	202.61
Borrowings and other non current liabilities	43.84	47.09
Total Non-current liabilities	43.84	47.09
Current liabilities	34.02	32.82
Total Equity and Liabilities	292.75	282.52

Consolidated Balance Sheet

Ind-AS compliant

Particulars (Rs in Crs)	FY 2018	FY 2017
Assets		
Property, plant and equipment	254.69	268.49
Capital work-in-progress	21.49	21.69
Goodwill	17.74	17.74
Other non-current assets	45.88	47.16
Total Non-current assets	339.80	355.08
Current Assets	62.30	52.76
Total assets	402.10	407.84
Equity and liabilities		
(a) Equity share capital	27.30	27.23
(b) Other equity	141.84	139.12
Total Networth	169.14	166.35
Non-Controlling Interests	44.78	48.04
Secured Loan and other non current liabilities	104.58	110.97
Total Non-current liabilities	104.58	110.97
Current Liabilities	83.60	82.48
Total equity and liabilities	402.10	407.84

Thank You



For further information, please contact:

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