



ROYAL ORCHID HOTELS LTD.,

Regd. Office :

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

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CIN : L55101KA1986PLC007392

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31.05.2017

**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 May 30, 2017.

This is for the information and records of the Exchanges.

For **ROYAL ORCHID HOTELS LIMITED**

R. Sanyal

**RANABIR SANYAL
COMPANY SECRETARY & COMPLIANCE OFFICER**



Encl: a/a

Royal Orchid Hotels Ltd

Q4FY17 & FY17

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

FY17 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

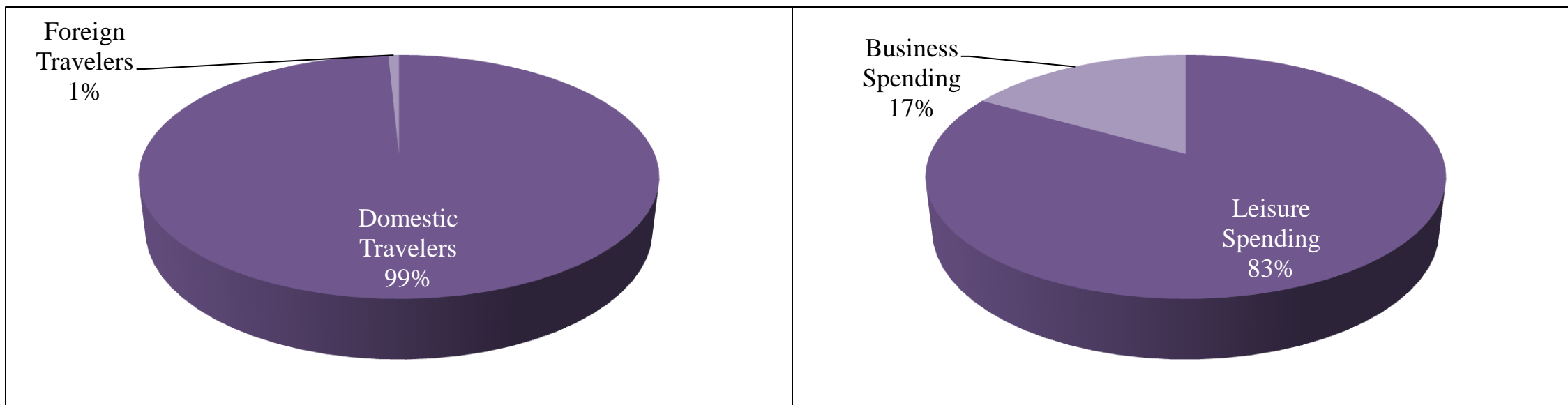
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FINANCIAL NUMBERS

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

Indian Tourism Sector

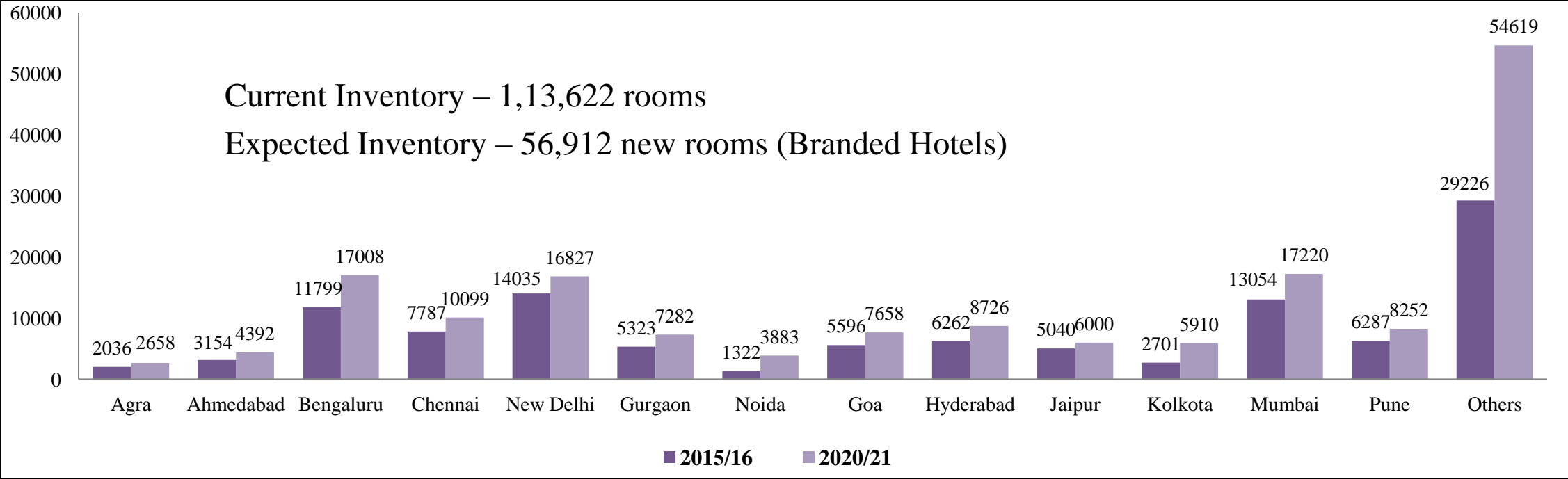
According to the World Travel & Tourism Council's Economic Impact 2016 – India report, the total contribution of Travel and tourism to the GDP was Rs 8,309 billion (6.3% of the GDP) in 2015. This is expected to grow by 7.3% to Rs 8,913.6 billion in 2016 and eventually reach Rs 18,362.2 billion (7.2% of the GDP) by 2026.



Source: Company

Government to facilitate 36 more countries for E-Tourist Visa in India

Huge Opportunity for Branded Hotels

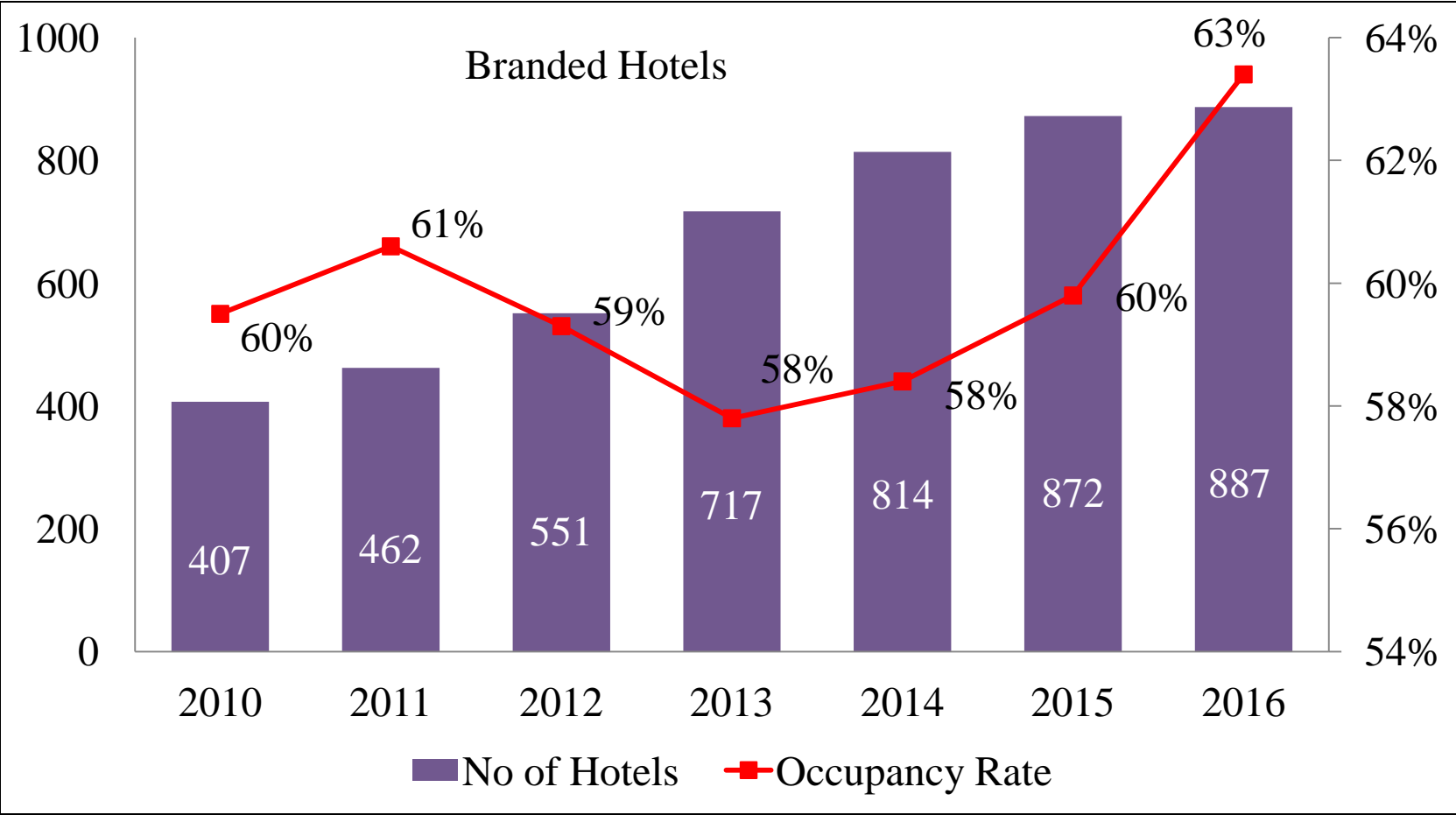


Source: Company

- Government allocation of Rs 159 crs to develop Infrastructure, attracts tourism
- E- Tourist Visa facility for 150 countries
- International Tourist Arrivals (ITA) grew by 4.2% in 2015 with CAGR of 6.2% in last 5 years
- Government cap of Rs 2,500 fare for one hour flights since June 2016

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.
- Operates under flagship brands – Royal Orchid, Royal Orchid Central, Royal orchid Suites, Regenta Hotel & Royal Orchid Inn

As on 31 st May 2017	Units
CMP (Rs)	103.00
Market Cap (Rs cr)	280.51
MCap Free Float (Rs cr)	81.35
52 week high (Rs)	120.00
52 week low (Rs)	60.75
Face Value (Rs)	10
Promoter Holding	70.77%

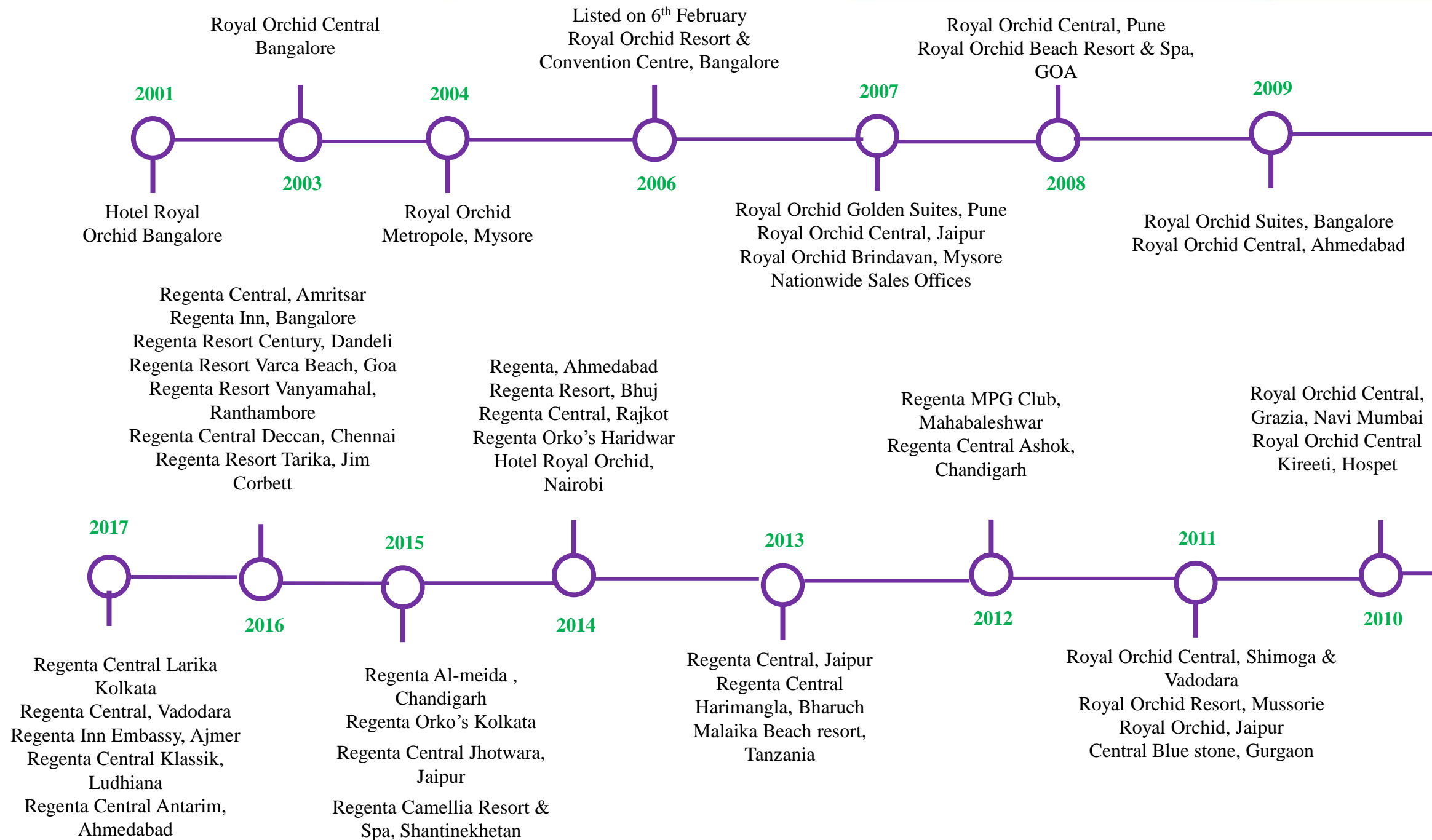
5 Star
Hotel Royal Orchid

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 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, Sr. Vice President Operations

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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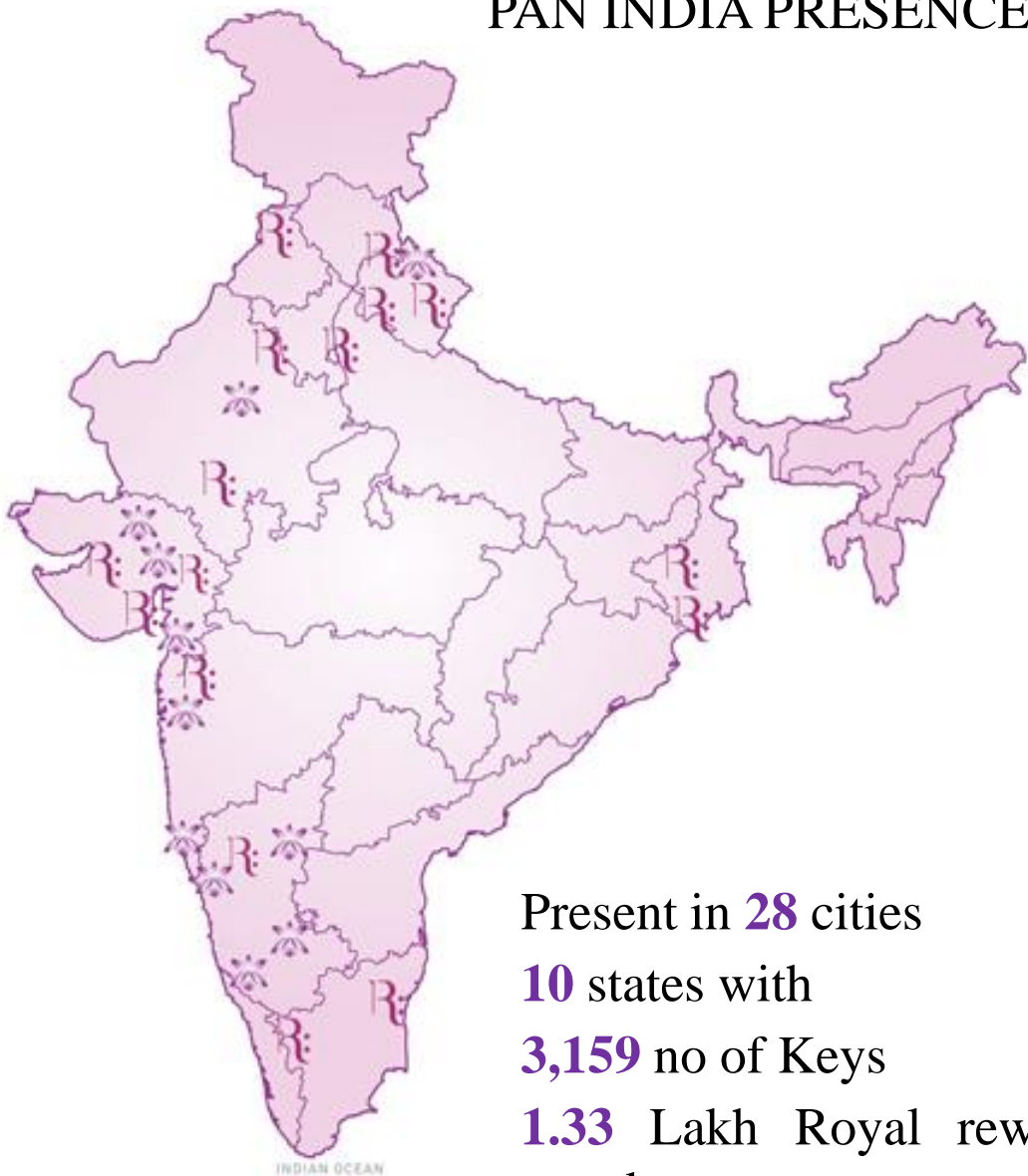
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- Q2 FY17 Results
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Asset Light Model – Generate FCF

PAN INDIA PRESENCE



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

Business Model	MC	JV	Owned	Leased	Total
5-Star Royal Orchid	129	139	195	-	463
4-Star Central	1,431	130	-	268	1,829
Resort/ Heritage	393	73	-	188	654
Convention /MICE	-	54	-	-	54
Serviced Apartments	159	-	-	-	159
Total Keys	2,112	396	195	456	3,159

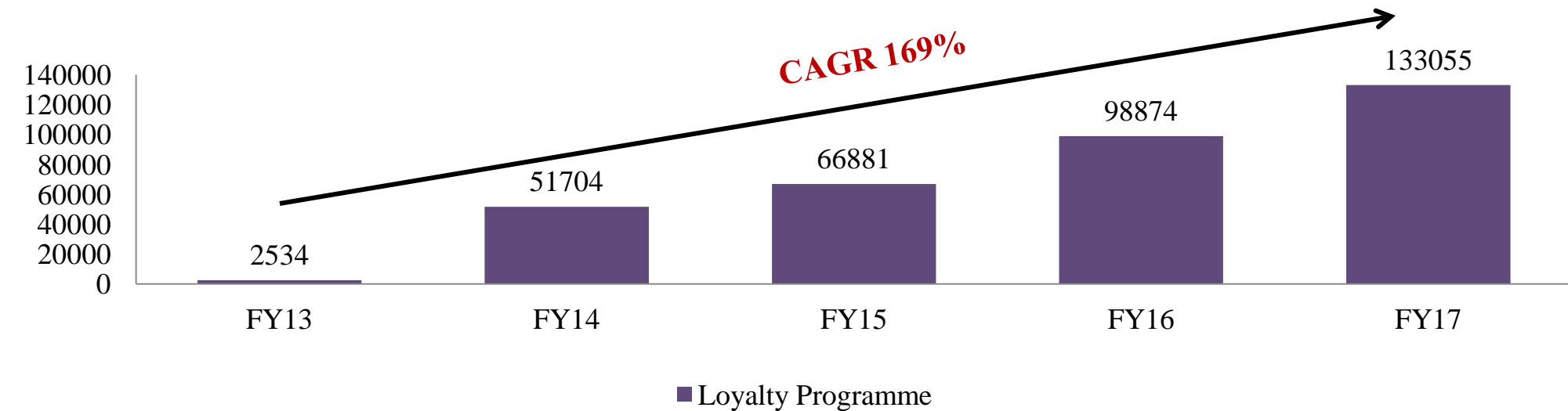
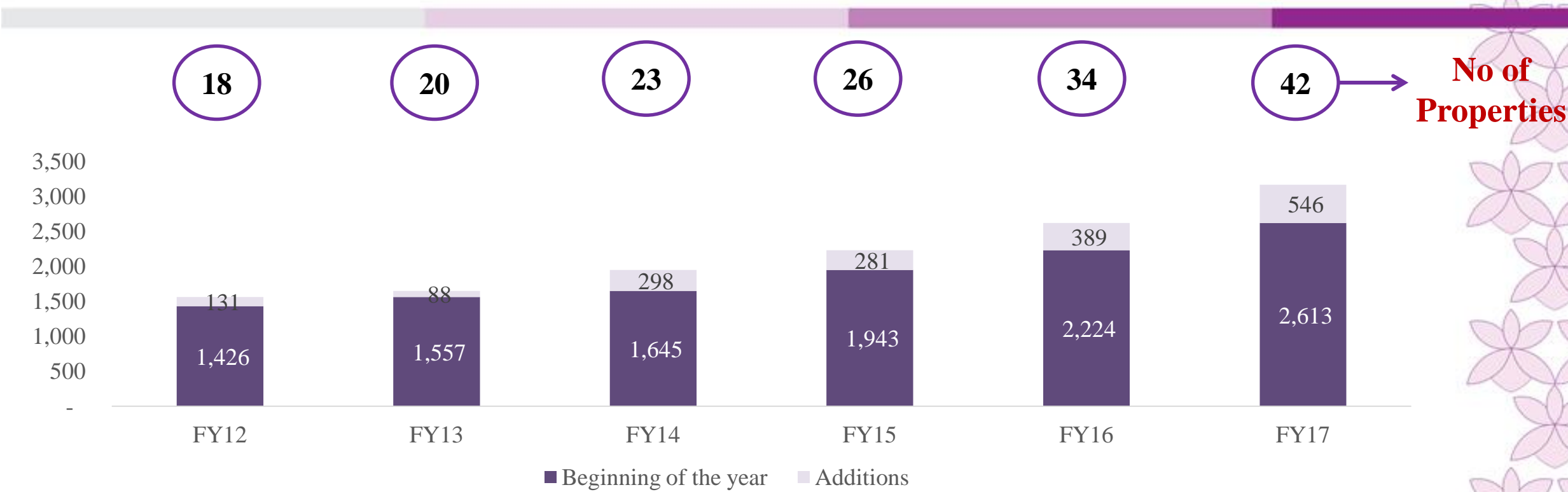
ROYAL ORCHID BUSINESS MODEL VALIDATION

- 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	Jaipur	70	Vashi	67	1,829
					Pune	115	Shimoga	108	
					Bangalore	83	Vadodara	81	
							Gurgaon	50	
							Chandigarh	75	
							Jaipur	57	
							Bharuch	104	
							Rajkot	60	
							Haridwar	56	
							Nairobi	165	
							Kolkata	69	
							Amritsar	38	
							Chennai	93	
							Bangalore	40	
							Kolkata	45	
							Vadodara	94	
							Ajmer	38	
							Ludhiana	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	6	456	31	2,112	3,159

Growth – Rooms & Members



High Growth – Focusing on Management Contracts

Adding No of Keys	FY16	FY17
Management Contracts	1,738	2,112
JV	396	396
Owned (Domestic)	195	195
Owned (Overseas)	-	-
Leased	456	456
Total KEYS	2,785	3,159
Average Occupancy rate	65%	65%
Average Room Rate (Rs)	3200	3,219

- **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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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%
Total Income	46.29	44.90	3%	45.28	2%
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%
Total Expense	37.91	33.17	13%	35.52	7%
EBITDA	8.38	11.73	-40%	9.76	-14%
<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%
EBIT	5.17	8.35	-62%	5.91	-13%
Finance Cost	3.21	3.54	-10%	4.01	-20%
PBT	1.96	4.81	-145%	1.90	3%
Tax	0.06	0.48	-706%	0.30	-80%
Net Profit/Loss	1.90	4.33	-128%	1.60	19%
Minority Interest	0.05	0.01	79%	0.12	-61%
Net Profit/Loss After Minority Interest	1.85	4.32	-133%	1.48	25%

Standalone Results – Q4 FY17

Particulars (Rs in crs)	Q4 FY17	Q3 FY17	Q-o-Q %	Q4 FY16	Y-o-Y %
Income from Operations	24.80	22.13	12%	24.20	2%
Other Income	1.71	2.92	-41%	2.28	-25%
Total Income	26.51	25.05	6%	26.48	0%
Cost of Material Consumed	3.03	2.89	5%	3.14	-4%
Employee Benefits Expense	5.34	4.29	25%	3.76	42%
Rent Expense	1.87	2.21	-15%	2.63	-29%
Power & Fuel	2.44	1.94	26%	2.80	-13%
Other Expenses	7.90	6.80	16%	8.06	-2%
Total Expense	20.58	18.13	14%	20.39	1%
EBITDA	5.93	6.92	-14%	6.09	-3%
<i>EBITDA Margin (%)</i>	<i>22%</i>	<i>28%</i>	<i>-20%</i>	<i>23%</i>	<i>-3%</i>
Depreciation	0.96	1.14	-16%	1.44	-33%
EBIT	4.97	5.78	-14%	4.65	7%
Finance Cost	1.58	1.55	2%	1.61	-2%
PBT	3.39	4.23	-20%	3.04	12%
Tax	0.04	-	-	-	-
Net Profit/(Loss)	3.35	4.23	-21%	3.04	10%
<i>NPM (%)</i>	<i>13%</i>	<i>17%</i>	<i>-26%</i>	<i>11%</i>	<i>10%</i>

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%
Total Income	169.59	164.21	3%
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%
Total Expense	142.13	138.19	3%
EBITDA	27.46	26.02	6%
<i>EBITDA Margin (%)</i>	16%	16%	2%
Depreciation	13.11	13.90	-6%
EBIT	14.35	12.12	18%
Finance Cost	12.16	14.92	-19%
PBT	2.19	-2.80	-178%
Tax	0.78	0.84	-7%
Net Profit/Loss	1.41	-3.64	-139%
Minority Interest	-1.05	-2.34	-55%
Net Profit/Loss After Minority Interest	2.46	-1.30	-289%

Consolidated Balance Sheet

Particulars (Rs in crs)	FY17	FY16	FY15
Sources of Funds			
Share Capital	27.23	27.23	27.23
Reserves & Surplus	136.35	132.59	135.44
Total Networth	163.58	159.82	162.67
Minority Interest	27.98	36.55	34.43
Secured Loan and other non current liabilities	89.61	69.73	74.48
Total Non-current liabilities	89.61	106.28	108.91
Current Liabilities	71.65	76.27	74.19
Total Sources of Funds	352.82	342.37	345.77
Application of Funds			
Fixed Assets			
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
Total Current Assets	49.66	36.77	39.14
Total Application of Funds	352.82	342.37	345.77

Standalone Results – FY17

Particulars (Rs in crs)	FY17	FY16	% Change
Income from Operations	91.31	87.85	4%
Other Income	8.25	6.93	19%
Total Income	99.56	94.78	5%
Cost of Material Consumed	11.78	12.04	-2%
Employee Benefits Expense	19.28	18.35	5%
Rent Expense	9.65	10.31	-6%
Power & Fuel	9.97	9.59	4%
Other Expenses	28.65	26.90	7%
Total Expense	79.33	77.19	3%
EBITDA	20.23	17.59	15%
<i>EBITDA Margin (%)</i>	20%	19%	9%
Depreciation	4.25	4.00	6%
EBIT	15.98	13.59	18%
Finance Cost	6.02	6.11	-1%
PBT	9.96	7.48	33%
Tax	0.04	-	-
Net Profit/Loss	9.92	7.48	33%

Standalone Balance Sheet

Particulars (Rs in crs)	FY17	FY16	FY15
Sources of Funds			
Share Capital	27.23	27.23	27.23
Reserves & Surplus	173.76	167.14	159.65
Total Networth	200.99	194.37	186.88
Secured Loan and other non current liabilities	47.47	37.19	37.80
Total Non-current liabilities	47.47	37.19	37.80
Current Liabilities	32.73	36.63	34.54
Total Sources of Funds	281.19	268.19	259.22
Application of Funds			
Fixed Assets			
Tangible Assets	37.29	33.77	32.90
CWIP	-	1.69	1.81
Loans & Advances	47.29	48.55	44.33
Non Current Investments	168.17	162.92	154.70
Total Current Assets	28.44	21.26	25.48
Total Application of Funds	281.19	268.19	259.22

Thank You



For further information, please contact:

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