



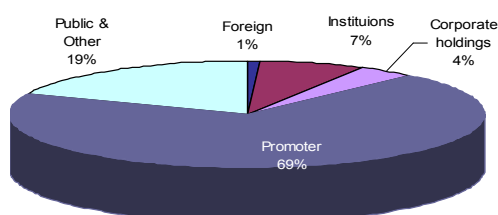
CMP Rs. 81

Target Rs. 108

Visit Note

Key Share Data

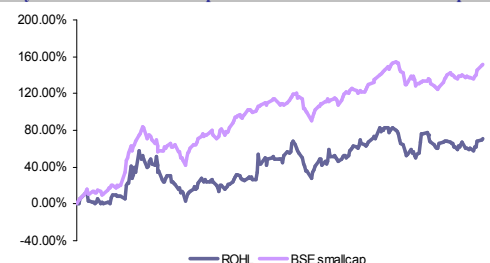
Face Value (Rs.)	10.00
Equity Capital (Rs. crs)	27.23
Market Capitalization (Rs. crs)	220.29
52-wk High / Low (Rs.)	88 / 45
Average Yearly Volume	52089
BSE code	532699
NSE code	ROHLTD
Reuters code	ROYL.BO
Bloomberg code	ROHL IN

Shareholding Pattern – 31st December 2009**Financials (Consolidated) (Rs. Crore)**

	FY09	FY10E	FY11E	FY12E
Net Sales	140.2	121.4	156.2	223.9
Sales Gr	8.4%	-13.4%	28.7%	43.4%
EBIDTA	42.8	29.2	45.5	69.2
PAT	20.0	6.5	10.6	23.3
PAT Gr	-38.0%	-67.6%	63.3%	119.9%
EPS (Rs.)	7.3	2.4	3.9	8.5
CEPS (Rs)	11.4	7.4	10.1	16.3

Key Financial Ratios

	FY09	FY10E	FY11E	FY12E
Div. yield	1.8%	1.2%	1.2%	3.0%
P/E	11.2	34.5	21.1	9.6
P/BV	1.1	1.1	1.0	1.0
P/Cash EPS	7.2	11.1	8.1	5.0
MCap/Sales	1.6	1.8	1.4	1.0
EV/EBIDTA	7.0	13.7	12.0	8.0
ROCE	10.2%	3.9%	5.1%	8.3%
ROE	9.8%	3.1%	4.9%	9.9%
EBITDM(%)	30.5%	24.1%	29.1%	30.9%
NPM (%)	14.3%	5.3%	6.8%	10.4%
Debt-Equity	0.5	0.9	1.6	1.4

1 year Performance comparison ROHL v/s BSE smallcap**Analyst: Kamna Jain**

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We recently met the management of Royal Orchid Hotels Ltd (ROHL) to understand the current outlook on the company and sector. Following are the key takeaways from the management meet.

The Key points of the meeting**Aggressive expansion plan**

- ROHL has embarked on an aggressive expansion plan and will spread its presence to major cities across India. In next two years company is developing its properties in Jaipur, Mumbai, Hyderabad and planning to double its room capacity from 993 rooms in FY09 to 1903 rooms by FY12, representing a CAGR of 92%.
- ROHL is planning a capex of around Rs 500 crore by next 2 years, which will be funded through debt and internal accruals.
- For its upcoming hotel projects, company is focusing on leased properties and management contracts for tier II and tier III cities.
- Expansion at a glance:

	Location	No. of rooms	Opening schedule	Mode of operation
Royal Orchid	Jaipur	155	FY11	Joint Venture
Royal Orchid	Hyderabad	165	FY11	Fully owned
Royal Orchid Suites	Hyderabad	49	FY11	O&M
Royal Orchid Central	Powai, Mumbai	250	FY12	Joint venture
Royal Orchid Central	Shimoga	180	FY11	O&M

Strong industry outlook

With the economic revival, Hospitality industry is poised for a stupendous growth. After crisis in 2009, FTA (Foreign Tourist arrivals) has started to show signs of a revival with FTA posting a Y-o-Y positive growth from last few months.

Occupancy and ARR show strong sign of revival

With strong presence in Bangalore & Pune, Royal Orchid Ltd have seen a lofty growth in occupancy rate and ARR owing to turnaround in IT/ITES industry and improved economy. For FY10 company has recorded overall occupancy rate of approx. 65% and ARR of approx. Rs. 5000.

Outlook

We expect ROHL's EBITDA to grow at a CAGR of 17.4% over FY09-FY12E. At current market price of Rs. 81/-, ROHL is trading at EV/EBITDA of 12.0x and 8.0x of FY11E and FY12E EBITDA, respectively, which looks relatively low as compared to its peers. Considering, the aggressive expansion plan of Royal Orchid Ltd and strong growth in hospitality industry, the prospects of the company look strong. We maintain our one year target price of Rs. 108.

Company Profile

Royal Orchid Hotels Ltd (ROHL) was promoted in 1973 by Mr. Chander Baljee who has over three decades of experience in hospitality industry. ROHL operates and manages a chain of hotels under the brand “Royal Orchid” in India. ROHL along with its subsidiaries, joint venture and associates companies, as of now operates thirteen business and leisure hotels with a capacity of 1104 rooms across seven popular destinations (five in Bangalore, two in Mysore and Pune, one each in Jaipur, Mumbai, Goa and Ahemdabad).

For further information, refer our report on Royal Orchid Hotels Ltd. dated 31st December, 2009.

The above analysis and data are based on last available prices and not official closing rates. SKP Research is also available on Bloomberg, Thomson First Call & Investext Myiris, Moneycontrol, Tickerplant and ISI Securities

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