

Deloitte Haskins & Sells LLP

Chartered Accountants
Deloitte Centre
Anchorage II
100/2 Richmond Road
Bengaluru - 560 025
India

Tel : + 91 80 66276000
Fax: + 91 80 66276013

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS OF ROYAL ORCHID HOTELS LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **ROYAL ORCHID HOTELS LIMITED** ("the Company") for the Quarter and Six Months ended September 30, 2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. We draw attention to Note 7 of the Statement which states that the Company's current liabilities exceed its current assets as at the September 30, 2015 by Rs.1,424.61 lakhs and the Company is committed to provide financial and operational support to certain jointly controlled entities and subsidiaries. These conditions raise substantial doubt about the Company's ability to continue as a going concern. As stated in the said Note, based on the credit facilities firmed up with the bankers during the quarter ended September 30, 2015, management's assessment of future operational plans and cash flows to discharge its liabilities in the normal course of business, this Statement has been prepared on a going concern basis. Our report is not qualified in respect of this matter.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter ended September 30, 2015 of the Statement, from the details furnished by the Management.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Monisha Parikh

Monisha Parikh
(Partner)
(Membership No.47840)

BANGALORE, November 04, 2015
MP/VMS/2015



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UNAUDITED STAND ALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2015

(₹ in Lakhs)

PART I		Quarter ended			Six months ended		Year ended
		30 Sep 2015 (Unaudited)	30 Jun 2015 (Unaudited)	30 Sep 2014 (Unaudited)	30 Sep 2015 (Unaudited)	30 Sep 2014 (Unaudited)	31 March 2015 (Audited)
1	Income from operations	2,102.32	1,865.01	1,903.19	3,967.33	3,943.41	8,462.95
	Total income from operations	2,102.32	1,865.01	1,903.19	3,967.33	3,943.41	8,462.95
2	Expenses						
	(a) Cost of materials consumed	287.77	253.41	255.07	541.18	532.13	1,162.80
	(b) Employee benefits expense (refer note 4)	448.67	460.78	470.94	909.45	999.11	1,967.12
	(c) Depreciation and amortisation expense	81.91	78.90	86.44	160.81	205.20	439.63
	(d) Rent expense	243.32	242.02	237.78	485.34	474.71	1,001.32
	(e) Power and fuel expense	224.81	228.89	223.40	453.70	441.81	921.74
	(f) Other expenses	675.20	565.51	655.85	1,240.71	1,253.74	2,447.77
	Total expenses	1,961.68	1,829.51	1,929.48	3,791.19	3,906.70	7,930.38
3	Profit from operations before other income, finance costs and exceptional items (1-2)	140.64	35.50	(26.29)	176.14	36.71	532.57
4	Other income (refer note 5)	219.32	18.80	222.38	238.12	409.44	864.66
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	359.96	54.30	196.09	414.26	446.15	1,397.23
6	Finance costs	154.68	147.62	163.94	302.30	340.89	699.64
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	205.28	(93.32)	32.15	111.96	105.26	697.59
8	Exceptional items						
	(a) Termination fee from a management contract (refer note 6)	-	132.00	200.00	132.00	200.00	200.00
9	Profit from ordinary activities before tax	205.28	38.68	232.15	243.96	305.26	897.59
10	Tax expense / (credit) on ordinary activities	-	-	-	-	-	-
11	Net Profit from ordinary activities after tax (9-10)	205.28	38.68	232.15	243.96	305.26	897.59
12	Loss from discontinuing operations	-	-	-	-	-	-
13	Extraordinary items	-	-	-	-	-	-
14	Net Profit for the period (11+12+13)	205.28	38.68	232.15	243.96	305.26	897.59
15	Paid-up equity share capital (Face Value of ₹10 per share)	2,723.39	2,723.39	2,723.39	2,723.39	2,723.39	2,723.39
16	Reserve excluding Revaluation Reserves	-	-	-	-	-	15,964.73
17.i	Earnings per share in ₹ (not annualised):						
	(a) Basic	0.75	0.14	0.85	0.90	1.12	3.30
	(b) Diluted	0.75	0.14	0.85	0.90	1.12	3.30
17.ii	Earnings per share from discontinuing operations in ₹ (not annualised):						
	(a) Basic	-	-	-	-	-	-
	(b) Diluted	-	-	-	-	-	-

See accompanying notes to the financial results.

PART II		Three months ended			Year ended
		30 Sep 2015 (Unaudited)	30 June 2015 (Unaudited)	30 Sep 2014 (Unaudited)	31 Mar 2015 (Audited)
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding				
	Number of shares	7,892,614	7,890,057	7,890,057	7,890,057
	Percentage of shareholding	28.98%	28.97%	28.97%	28.97%
2	Promoters and promoter group shareholding				
	a) Pledged / encumbered				
	Number of shares	295,241	295,241	18,947,202	18,947,202
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	1.53%	1.53%	97.95%	97.95%
	Percentage of shares (as a % of the total share capital of the Company)	1.08%	1.08%	69.57%	69.57%
	b) Non - encumbered				
	Number of shares	19,046,110	19,048,667	396,706	396,706
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	98.47%	98.47%	2.05%	2.05%
	Percentage of shares (as a % of the total share capital of the Company)	69.94%	69.95%	1.46%	1.46%

Particulars	Three months ended 30 Sep 2015
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	NIL
Received during the quarter	1
Disposed of during the quarter	1
Remaining unresolved at the end of the quarter	NIL





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STATEMENT OF ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2015

		(₹ in Lakhs)	
Particulars		As at	As at
		30 Sep 2015 (Unaudited)	31 Mar 2015 (Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	2,723.40	2,723.40
	(b) Reserves and surplus	16,208.71	15,964.73
	Sub-Total - Shareholders' funds	18,932.11	18,688.13
2	Share application money pending allotment	-	-
3	Non-current liabilities		
	(a) Long-term borrowings	3,672.33	3,628.56
	(b) Deferred tax liabilities(net)	-	-
	(c) Other long-term liabilities	-	-
	(d) Long-term provisions	185.57	116.62
	Sub-Total - Non-current liabilities	3,857.90	3,745.18
4	Current liabilities		
	(a) Short-term borrowings	105.00	151.66
	(b) Trade payables	1,414.50	963.13
	(c) Other current liabilities	2,374.08	2,384.75
	(d) Short-term provisions	24.96	92.24
	Sub-Total - Current liabilities	3,918.54	3,591.78
	TOTAL - EQUITY AND LIABILITIES	26,708.55	26,025.09
B	ASSETS		
1	Non-current assets		
	(a) Fixed assets	3,545.04	3,470.78
	(b) Non-current investments	15,221.59	15,469.62
	(c) Long-term loans and advances	4,798.60	4,503.05
	(d) Other non-current assets	649.39	-
	Sub-Total - Non-current assets	24,214.62	23,443.45
2	Current assets		
	(a) Inventories	127.00	112.33
	(b) Trade receivables	849.09	1,171.46
	(c) Cash and cash equivalents	714.61	766.91
	(d) Short-term loans and advances	458.27	344.78
	(e) Other current assets	344.96	186.16
	Sub-Total - Current assets	2,493.93	2,581.64
	TOTAL - ASSETS	26,708.55	26,025.09





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Notes:

1. The above unaudited financial results were reviewed by the audit committee and approved by the Board of Directors on 04 November 2015.
2. Disclosure of segment-wise information is not applicable as hospitality is the Company's only business.
3. Amounts of the previous periods are re-classified / re-arranged / re-grouped, wherever necessary.
4. The Company received approval from the Central Government ('the CG') for payment of remuneration amounting ₹ 120.10 lakhs to the Managing Director ('the MD') vide letter dated 31 July 2014, in relation to fiscal 2014, and recognised incremental remuneration amounting ₹ 72.10 lakhs during six months ended 30 September 2014. Further, the Company received approval from the CG for payment of remuneration amounting ₹ 138.10 lakhs to the MD during the quarter ended 30 June 2015, in relation to fiscal 2015, and recognised incremental remuneration amounting ₹ 18.10 lakhs during the said quarter. Further, the Company has applied to the CG vide application dated 02 June 2015 to obtain necessary approvals for payment of remuneration for fiscal 2016.
5. Other income for the three months ended 30 June 2015 is net of reversal of excess interest income accounted during previous year(s)/ period(s) amounting to ₹ 46.75 lakhs.
6. On 30 June 2014, the Company terminated the 'Hotel Operations Agreement' with Samhi Hotels Private Limited ('Sahmi') in lieu of termination fee of ₹ 332.00 lakhs, of which ₹ 132.00 lakhs was payable on completion of certain contractual obligations. The Company recorded fees from termination of management contract amounting ₹ 200.00 lakhs during the three months ended 30 September 2014 on its receipt, being initial consideration and ₹ 132.00 lakhs on receipt during the three months ended 30 June 2015 on completion of the required contractual obligations. The aforesaid fee has been disclosed separately as an exceptional item.
7. During the six months ended 30 September 2015, the Company and one of its jointly controlled entities have firmed up line of credit arrangement with its respective bankers. While the current liabilities of the Company exceed its current assets by ₹ 1,424.61 lakhs as at 30 September 2015 and the Company is committed to provide financial and operational support to certain jointly controlled entities and subsidiaries, in view of the above development and also the plan for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, disposing off certain investments etc., the management is optimistic of improving and maintaining sustainable operating cash flows and accordingly the financial information continue to be prepared and presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business. This is a matter of emphasis in the limited review report.

Place: Bengaluru
Date: 04 November 2015



For Royal Orchid Hotels Limited

C K Baljee
Chairman and Managing Director

