

FORM A

Format of Covering letter of the Annual Audit Report to be filed with the stock exchanges:

1.	Name of the Company	Royal Orchid Hotels Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable

For Royal Orchid Hotels Limited



Chander K Baljee
Managing Director

For Royal Orchid Hotels Limited



R V S Rao
Chairman – Audit Committee

For Royal Orchid Hotels Limited



Amit Jaiswal
Chief Financial Officer

Walker Chandiook & Co. LLP
Auditor of the Company:

For Walker Chandiook & Co LLP

Chartered Accountants

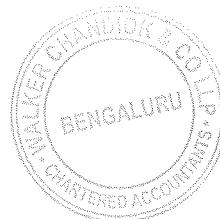
Firm Registration No.: 001076N/N500013

Sanjay Banthia

per Sanjay Banthia

Partner

Membership No. 061068



Hospitality
uncompromised..!!



Annual Report
2014-2015

Dear Shareholders,

The fiscal year 2014-15 has been a great year with many milestones and memories for Royal Orchid Hotels. Your company has continued to deliver quality services and further strengthened its position by expanding to 29 hotels across India and Africa.

The success mantra for our growth is the guest's satisfaction through quality services which is further fueled by brand loyalty, excellence in delivery and collaborative efforts with our partners. Our ethos is expect more.

Globally, the macro-economic environment is delicately poised. India is holding its ground during a shaky time in the global economy too. The Indian economy is growing faster than most major economies in the world, according to reports from the International Monetary Fund.

Our Strategy is to continue with an 'asset-light approach' and expand our base through Management contracts. This business model allows us to dedicate nearly all of our free cash flow to prepay debt and build equity value. During the year, both our Brands "Royal Orchid Hotels" and "Regenta Hotels" were successfully established in newer markets.

We believe that we have a fundamentally strong business that can adapt in a dynamic macroeconomic environment. During the year, the Company has consolidated its position after the sale of its Hyderabad Unit and the Company has come out of Corporate Debt Re-structuring. The Company is expected to register a significant growth in operating profits in the years to come.

Supply has outpaced demand during the year, which in turn resulted in reducing pricing power with decrease in occupancies. Hotel projects being capital intensive; many players face tremendous pressure with high leverage and resultant high interest outgo. However, with the stable Central Government, we look forward for speedy revival of the market and reduction in various taxes and rates.

So, be it Business or Leisure; Metros or Tier 2 cities; India or the World as its platform, Royal Orchid Hotels has proven to be one of the most sought after hotel brand. I assure you that we will firmly remain committed to delivering enhanced value to all our stake holders and look forward to your support and encouragement to help your Company achieve newer heights in the coming years.

Lastly, I would also like to thank all Royal Orchid staff for their professionalism and dedication that has made these achievements possible.



BOARD OF DIRECTORS

Managing Director	- Mr. Chander K Baljee
Whole time Director	- Mr. Sunil Sikka
Independent Directors	- Mr. R V S Rao Mr. Vijay K Rekhi Mr. K Jairaj Mrs. Sunita Baljee (w.e.f. April 01, 2015)
Company Secretary	- Ms. Payal Sharma
Statutory Auditors	- M/s. Walker Chandiok & Co LLP (Formerly Walker, Chandiok & Co) Chartered Accountants WINGS, First Floor, 16/1, Cambridge Road, Halasuru, Bengaluru 560008.
Internal Auditors	- M/S. KP Rao & Co. Chartered Accountants 25, 2 nd floor, Poornima, State Bank of India Road, Madras Bank Road, Bengaluru 560 001
Bankers	- State Bank of Hyderabad IDBI Bank Limited Tourism Finance Corporation of India
Registered Office	- No -1, Golf Avenue, adjoining KGA Golf Course HAL Airport Road, Bengaluru, Karnataka- 560 008 CIN : L55101KA1986PLC007392
Registrar & Share Transfer Agent	- Integrated Enterprises (India) Limited, 30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bengaluru – 560003. 080 - 23460815 – 818 alfint@vsnl.com

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CAUTIONARY STATEMENT: Statements in this Annual report describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include a downtrend in the hospitality sector, significant changes in political and economic environment in India or key financial markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.

DIRECTORS' REPORT



Dear Members,

On behalf of the Board of Directors, we are happy to present the Twenty Ninth Annual Report of the Board of Directors of your Company along with the Balance Sheet, Profit and Loss Account and Cash Flow Statement (Standalone and Consolidated) for the year ended March 31, 2015.

Financial Performance

The Company's financial performance, for the financial year ended March 31, 2015 on standalone and consolidated basis is summarized below:

(₹ in crores)

Financial Particulars	As on March 31, 2015		As on March 31, 2014	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	147.75	84.63	142.04	83.65
Other income	5.30	10.65	5.90	8.73
Total revenues	153.05	95.28	147.94	92.38
Employee benefit expense	35.25	19.67	31.33	17.78
Other expenses	92.63	55.24	89.93	56.62
Gross Operating Profit	25.17	20.37	26.68	17.98
Finance costs	16.35	7.00	19.28	7.34
Depreciation	14.61	4.40	13.85	4.12
(Loss)/Profit from continuing operations	(5.80)	8.97	(6.45)	6.52
Tax expense/(credit)	0.99	-	(3.84)	(4.41)
(Loss)/Profit from discontinuation of business and sale of unit	-	-	(37.86)	(37.86)
Minority Interest	(2.92)	-	(2.98)	-
(Loss)/Profit for the year	(3.87)	8.97	(37.49)	(26.93)

* The figures were regrouped for the purposes of accounting in respect of March 31, 2014.

Key Financial and Operational Highlights

Revenues from consolidated operations during the year has increased by 4.02% as compared to last year from ₹ 142.04 crores to ₹ 147.75 crores. Revenue from Standalone operations during the year 2014-15 is ₹ 84.63 crores as compared to ₹ 83.65 crores during 2013-14. The Company on a standalone basis has earned a profit of ₹ 8.97 crores during the year 2014-15 as against a loss of ₹ 26.93 crores during the year 2013-14.

Hotel Industry as a whole has fared well during the year, but the operating costs have been increasing year on year. Even though travel tourism has increased, hotels have faced stiff competition because of entry of foreign hotel management companies, lack of infrastructure, socio political concerns, taxation etc., which has resulted in lower profits.

Royal Orchid Hotels Limited has adopted an asset light strategy wherein there would be more focus on adding new Hotels under its Management Wing. This would ensure that the Company earns profits without additional investment into Assets.

Royal Orchid has also consolidated its position after the sale of its Hyderabad Unit in 2013. During the year under review the Company repaid all the existing term loans covered under Corporate Debt Re-structuring scheme and has come out of CDR and all charges created against the loan covered under CDR stand released.

Dividend and Transfers to Reserve

The company has entered a new phase of growth and is now undertaking the various expansions and diversification plans. To conserve resources and to fund new projects, the Board has not recommended for any Dividend for the fiscal year 2014-15. No amount has been transferred to reserve during the year.

Public Deposits

In terms of the provisions of Sections 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits by Companies) Rules, 2014, the Company had no opening or closing balances and also has not accepted any public deposits during the year under review and as such, no amount of principal or interest was outstanding as on March 31, 2015.

Material Changes and commitments affecting financial position between the end of financial year and date of report

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

Key Business Developments during the year

Royal Orchid Group, currently manages 29 hotels, with 2473 keys, situated across India (5 in Bengaluru, 2 in Mysuru, 1 in Hospet, 1 in Shivamogga, 2 in Pune, 3 in Jaipur, 1 in Goa, 1 in Navi Mumbai, 1 in Mussoorie, 1 in Vadodara, 1 in Gurgaon, 1 in Mahabaleshwar, 1 in Chandigarh, 1 in Bharuch, 1 in Ahmedabad, 1 in Bhuj, 1 in Rajkot, 1 in Haridwar, 1 in Kolkata) and East Africa (1 hotel in Tanzania and 1 in Nairobi, Kenya).

The Company is investing in a project at Tanzania and is expecting the government approvals for the project. Your Company has been continuing its expansion drive with upcoming hotels at Mumbai, Surat, Amritsar, Shantiniketan, Dehradun and Jaipur; along with many more hotel projects in the pipeline, to be established across major cities in India/abroad.

Your Company has pursued an 'Asset Light Strategy' in expansion of its hotels through Management Contracts. Your Company is exploring in Tier two and pilgrimage destinations across India as a right strategy at the right time, as there is a boost in domestic travel. Besides, the customers prefer services of branded hotels to standalone hotels.

Your Company is taking initiatives to become one of the top-of-the-mind hotel brands for domestic leisure weekend travel which is already on the rise and also cashing in through quality engagement with today's domestic traveller who has shown keen interest in holiday spots which are rich in culture, heritage, nature and also in adrenalin water sports like we have in Goa.

The brand today is present across the following categories: 5-star Business and Leisure hotels; 4-star Business & Long-stay hotels; Resorts & Heritage properties. The brand **Re:gen:ta** is a contemporary arm of the Royal Orchid Hotel group.

With Sales Offices at 13 locations across India like Bengaluru, Delhi, Mumbai, Chennai, Jaipur, Goa, Pune, Shivamogga, Mysuru, Ahmedabad, Kolkata, Mahabaleshwar and Hyderabad, your Company is penetrating deep into the market for a better market share and following an aggressive feet-on-the-street approach to meet all potential clients in the corporate sector and travel agents parallelly.

The other particulars of some of the key business developments which took place during the financial year 2014-15 have also been detailed out under the sections: Management Discussion & Analysis and Highlights 2014-2015 of this Annual Report.

New Hotels opened during the year under review

Hotel Royal Orchid, Nairobi, Kenya, East Africa : This 5 star Business hotel consists of 165 Premier guestrooms with multiple categories like king-size, twin bedrooms, suites and inter-connecting rooms to meet the needs of business travellers and families alike who stop by Nairobi for the city's hospitality and its own National Park and Safari Sanctuary. It is also connected to the Serengeti National Park en'route to other must-see locations in the city and around. The hotel also offers world-class services like multi-cuisine outlets, speciality restaurants & bars, round-the-clock room service, recreational facilities like an outdoor temperature controlled swimming pool, fitness centre, banquet venues for upto 200 guests and a full-fledged Bollywood casino.

Re:gen:ta Orko's, Haridwar: Conveniently located on the main Haridwar-Rishikesh highway, the railway station and nearby religious sites of Chandi Devi Temple and Har-Ki-Pauri Ghat, this premium hotel has 56 contemporary guest-rooms which offers world-class facilities along with the charm of a warm country home designed to enhance one's stay with an on-site spa, a fitness centre, dining outlets and a well stocked library.

Re:gen:ta Orko's, Kolkata: This 125 room signature hotel is a fine blend of style & substance for both business essentials & upscale leisure travelers. It offers a plethora of premium category guestrooms to suit every type of guest travelling to the Culture Capital of India. With state-of-the-art modern facilities & amenities, round-the-clock dining options, multiple banquet venues and ample car parking, one can be assured of a comfortable stay. In-house guests are offered access to the roof-top swimming pool, a world-class spa & gymnasium with all modern equipments during their stay.

Directors' Report

Subsidiaries and Joint Ventures

Your Company has 13 indian subsidiaries, 1 foreign subsidiary and 4 joint venture companies during the financial year 2014- 2015, namely:

Indian Subsidiaries	
1. A B Holdings Private Limited	11. Royal Orchid Mumbai Private Limited
2. Amartara Hospitality Private Limited	12. Royal Orchid Shimla Private Limited
3. Royal Orchid Associated Hotels Private Limited	13. Royal Orchid South Private Limited
4. Cosmos Premises Private Limited	Foreign Subsidiary
5. Royal Orchid Goa Private Limited	14. Multi Hotels Limited
6. Royal Orchid Hyderabad Private Limited	Joint Ventures
7. Icon Hospitality Private Limited	15. J H Builders Private Limited
8. Royal Orchid Jaipur Private Limited	16. Ksheer Sagar Developers Private Limited
9. Royal Orchid Maharashtra Private Limited	17. Raj Kamal Buildcon Private Limited
10. Maruti Comforts & Inn Private Limited	18. Ksheer Sagar Buildcon Private Limited

Pursuant to Section 129 (3) of the Companies Act, 2013, a statement containing salient features and brief financial details of the Company's subsidiaries for the financial year ended March 31, 2015 in **Form AOC – 1** is appended as **Annexure – 1** to this Report. The annual accounts of the Subsidiary Companies and the related information will be made available to any Member of the Company seeking such information and are available for inspection by any Member of the Company at the Registered Office of the Company.

Group

The names of the Promoters and entities comprising "group" (and their shareholding) as defined under the Competition Act, 2002 for the purposes of Section 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 include the following:

Sl. No.	Name of Promoter including Persons Acting in Concert	Total Shareholding as on March 31, 2015
1.	Mr. Chander K Baljee	1,20,29,560
2.	Mrs. Sunita Baljee	2,26,260
3.	Mr. Arjun Baljee	3,15,342
4.	Mr. Keshav Baljee	8,03,424
5.	Mr. Sunil Sikka	25,296
6.	M/s. Baljees Hotels and Real Estates Private Limited	57,14,689
7.	M/s. Hotel Stay Longer Private Limited	2,29,337

Particulars of Contracts or Arrangements made with Related Parties under Section 188

The particulars of contracts/arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, are provided in the prescribed **Form AOC-2**, appended as **Annexure – 2** to this Boards' Report.

Particulars of Loans/Guarantees/Investments

Loans, Guarantees or Investments to subsidiaries and associates forms part of the notes to the financial statements provided in this Annual Report.

Management Discussion and Analysis Report

The Management's Discussion and Analysis Report on Company's performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable, forms part of this Annual Report.

Corporate Governance

Your Company has been practising the principles of good corporate governance. A detailed report on corporate governance is available as a separate section in this Annual Report. Certificate of the Company Secretary in whole-time practice regarding compliance with the conditions stipulated in Clause 49 of the Listing Agreement is provided separately as an **Annexure – A** to the Corporate Governance Report.

Committees of the Board

The Company's Board has various Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee

The details of the composition, meetings held during the year and attendance of the meetings and the terms of reference of the above Committees of the Board are provided in the Corporate Governance Report.

Board Evaluation

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. Pursuant to the provisions of the Companies Act, 2013, and in line with our corporate governance guidelines, peer evaluation of all Board members, annual performance evaluation of its own performance, as well as the evaluation of the working of its Committees of the Board have been conducted.

Number of Board Meetings held during the Year

Your Board met five times in the financial year 2014-15 on 26.04.2014, 29.05.2014, 13.08.2014, 21.10.2014 and 29.01.2015.

Declaration by Independent Directors

The Company has received necessary declaration from all three Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Appointment of Woman Director

To comply with the requirements of Section 149(1) of the Companies Act, 2013 read with amended Listing Agreement, Mrs. Sunita Baljee was appointed as an Additional Non-Executive Director on the board of the Company with effect from April 01, 2015 by Circular Resolution. The same was confirmed at the Board Meeting held on May 28, 2015.

The Company has received a notice from a member proposing appointment of Mrs. Sunita Baljee. The Board recommends passing of the resolution appointing Mrs. Sunita Baljee as a Woman Director whose period of office is liable to retirement by rotation.

Familiarization programme for Independent Director

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the Industry as well as key regulatory changes and reporting requirements as per the Companies Act and SEBI Guidelines etc.

Nomination and Remuneration Committee

In accordance with Section 178 of Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Company has constituted a Nomination and Remuneration Committee (erstwhile Remuneration committee) and formulated Royal Orchid Nomination and Remuneration Policy.

Extracts of Nomination and Remuneration Policy

- The Nomination and Remuneration Committee shall identify potential candidates who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

Directors' Report

- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other Employees.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that—
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals, provided that such policy shall be disclosed in the Board's Report.
- Recommend nominees to various committees of the Board.
- Approve and make recommendations to the Board of Directors in respect of Directors' fees, salary structure and actual compensation (inclusive of performance based incentives and benefits) of the Executive Directors, including the Managing Director;
- Recommending remuneration for Non-Executive directors.
- Ensuring that appropriate procedures are in place to assess Board's effectiveness and shall carry out evaluation of every Director's performance.
- Developing an annual evaluation process of the Board and its Committees.
- Assist the Board of Directors in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
- Review and approve the compensation and ESOP to be granted to senior executives, requiring approval from the Board of Directors;
- Review and approve the changes in terms and conditions of the ESOP;
- Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the Employees;
- Criteria for selection and appointment of Non-Executive Directors; and
- Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or Directors' compensation.

The details of Directors or Key Managerial Personnel who were appointed or have resigned during the Year 2014-15

Sl. No.	Name of the Director/KMP	Designation	Date of Appointment	Date of Resignation
1.	Mr. Amit Jaiswal	Chief Financial Officer	29.01.2015	NA
2.	Mr. K B Shyam Kumar	Company Secretary	16.11.2011	15.05.2014
3.	Ms. Payal Sharma*	Company Secretary	29.05.2014	07.08.2015

* The Company has appointed Mr. Sudhir Anand as Company Secretary w.e.f. August 7, 2015.

Risk Management

The Company has established an effective Compliance Mechanism to mitigate the risk and will be reviewed by the Board periodically. The Risk Management Committee is governed under the Audit Committee. The Company has identified various risks and also has mitigation plans for each risk identified.

Green Initiatives

Electronic copies of the Annual Report 2014-15 along with Notice of the 29th Annual General Meeting are sent to all Members whose email addresses are registered with the Company/ Registrar and Transfer Agent. For Members who have not registered their email addresses, physical copies of the Annual Report 2014-15 under Section 101 of the Companies Act, 2013 are sent in the permitted mode. Members requiring physical copies can send a request to the Company. The Form "Green Initiative in Corporate Governance is annexed to the Notice of this Annual General Meeting. The Members are requested to fill the details and submit to the Compliance Officer.

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Code of Conduct for prevention of Insider Trading and the Code for Corporate disclosures, as approved by the Board from time to time, are enforced by the Company.

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information and this is made available on the Company's website www.royalorchidhotels.com

The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, Officers and Designated Employees. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, Designated Employees and other employees from trading in the securities of the Company at the time when there is unpublished price sensitive information. The Board has appointed the Company Secretary as the Compliance Officer under the Code.

Development in Human Resources and Industrial Relations

The Company continues to maintain a very cordial and healthy relationship with its work force across all its units. The total number of permanent employees on rolls as well as contractual as at March 31, 2015 was 3179 across all its units.

With the increase in work force due to expansion in business, envisaging the requirement of adequate on the job training across the various levels of employees, a major thrust to the training and development of multi skilled certification programmes has been initiated. The Company has technology based online learning portals; which can be synced with mobile phones for audio learning (in different languages). To attract and retain good employees in the company, we are ensuring the best place to work. Your company participated in "Great Place To Work" Employee Satisfaction survey during 2014 and achieved 75 percentile Index scores; it was conducted by 'The Economic Times'.

The Company has collaborated with American Hotel and Lodging Educational Institute (AHLEI) through Presidency College and funds Operations Certification courses through Baljee Trust. Your company has signed an Memorandum of Understanding with National Skill Development Corporation (NSDC) a non-profit company for a project called UDAAN, a Special Industry Initiative scheme for the State of Jammu and Kashmir with the aim to provide employment to the youths of J & K by imparting them industry specific skills.

Under Baljee Foundation, the company continues to serve the well-being of the larger community in terms of assisting them to be self reliant by honing their skills. The 'Hotel Royal Orchid Employees Welfare Trust' continues to offer financial support for medical and educational needs of certain category of employees.

As required under the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other **particulars of employees** are set out in the **Annexure – 3** to the Directors' Report.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at its workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace.

During the year under review the Company has not received any complaints on sexual harassment. The company has complied with the Information required under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Corporate Social Responsibility

Royal Orchid has always been committed to Corporate Social Responsibility (CSR) and is one of our commitments to the society. We have been carrying out the CSR activities in line with our focus areas. Presently, CSR is being regulated by law and we are determined to strengthen our commitment to further our CSR initiatives in accordance with the law.

Directors' Report

Our CSR activities are embedded around the vision of the Promoters of the Company. It goes beyond philanthropy and aims to bring about change in the society we live in. Your Company has constituted CSR Committee and has adopted a CSR policy, including the activities to be undertaken during the year. The CSR at Royal Orchid focuses on imparting Education, enhancing Employability and skill development of budding entrepreneurs.

In accordance with Section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has formulated a Corporate Social Responsibility Committee and Corporate Social Responsibility Policy (Royal Orchid Corporate Social Responsibility Policy).

Extract of Corporate Social Responsibility Policy

To define the Group's corporate and social obligations as a responsible citizen and oversee its conduct in the context of those obligations including as follows:

- To oversee the creation of appropriate policies, review the CSR policies from time to time.
- To approve a strategy for discharging the Group's corporate and social responsibilities.
- To Monitor and Report the CSR activities to the Board.
- To conduct an annual self-assessment of its performance and effectiveness, including its Terms of Reference, and report conclusions and recommendations for change to the Board.

Presidency Educational Trust was established to focus on the education in the field of hospitality sector. The academy is a unique institution where students are exposed to hotel operations continuously as part of their academic curriculum. This is in addition to the mandatory industrial training.

Royal Orchid also carries out its CSR activities through Baljee Trust. The Trust has been carrying on CSR activities even before the mandatory requirement as per the new Companies Act, 2013. During the year under review the provisions of Section 135 (5) of the Companies Act, 2013 are not applicable to the Company as there was a cumulative loss in the preceding three financial years.

It is not out of place to mention here that, the Directors of your Company have always been benevolent in their contribution to the society in more ways than one. In this pursuit to give back to the society for philanthropic objectives in their personal capacity from the Trusts managed by them, they have during the year 2014-15 expended the following sums under the various heads from the Baljee Trust.

Nature of contribution/charity	Amount contributed (₹)
Food, Medical and Clothing to the poor	5,41,735
Towards various educational purposes such as donations, scholarship to poor students	33,58,419
Old Age and Woman welfare activities in Shimla	1,46,432
	40,46,586

Other Disclosures

- During the year under review, the Company has not bought its own shares nor has given any loans to its employees (including Key Managerial Personnel) of the Company for purchase of the Company shares.
- During the year under review, no Commission or Remuneration was paid to the Executive Directors from Holding/Subsidiary Companies.
- Your Company provides e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.
- The Company has paid the Annual Listing fees for the Year 2015-16 to NSE and BSE where the Company's Shares are Listed.
- The Company has only one class of Share i.e. Equity Share with a face value of ₹ 10 each. The Authorised Capital is ₹ 50 Crores and issued/subscribed and paid up capital as at March 31, 2015 is ₹ 27,23,39,650 divided into 2,72,33,965 Equity Shares of ₹10 each. During the year under review the Company has neither issued shares with differential voting rights, nor granted stock options/sweat equity.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow

Your company is continuously striving towards conservation of energy across all its units and has implemented various Energy Conservation programs and latest technology upgradation measures including:

A. Conservation of Energy:

1. Installation of STP / ETP Plant with tertiary system in place for final treatment and utilization of treated water for cooling tower, flushing, landscaping and cleaning purpose.
2. Centralized Air-conditioning system chiller, waste heat dissipated in the cooling tower is captured in the de-super heater and hot water is generated for domestic use – Guest room and public area.
3. In place of HSD/LPG fired boilers we are using heat pump to generate hot water which has resulted in giving us 70% saving on the boiler fuel cost and the cold air which comes out of the heat pump is used as treated air and pumped into the back area or Guest area, thereby giving double advantage on energy conservation.
4. We took an extensive drive in replacing high energy consuming Incandescent lamp, Halogen lamp, Metal Halide & Sodium Vapor lamp to COB LED.
5. Occupancy sensors are provided for lighting and AC in public area, Back of the house, Toilets, Gym, Staircase etc.
6. Dawn & Dusk Sensor, Analog & Digital Timers are used for street lights, Hotel Periphery lights, Building focus lights, Hoardings, Signage's etc.
7. Energy audit, Environment audits are regularly carried out and the recommendations are implemented which gives good returns and reduces operation cost.
8. Rolling out extracts from HACCP, ISO14001, Green Globe etc.
9. Implementation of Total Productive Maintenance – Japanese Concept for upkeep / Operational efficiency of Plant and machinery, Kitchen equipment, Guest Area, Back Area & public area.
10. Implementation of Green Building requirements in a phased manner.
11. Solar System for hot water generation and lighting is implemented.
12. Implementation of Balance score card for development of Process to improve operational efficiency.
13. BMS is installed for efficient operation of engineering system.
14. Smart TV's are installed in the guest room to meet the present requirement of the guest.
15. All new hotel projects have achieved 100% LED Lighting for energy conservation.
16. Rain water harvesting is implemented for water conservation and water conservation program is implemented across the group.

B. Technology absorption

In the opinion of the Board, the required particulars pertaining to technology absorption as per Rule 8 of Companies (Accounts) Rules, 2014 are not applicable as the hotel forms a part of the service industry and the company does not have any significant manufacturing operations. The Company has also taken several constructive steps to conserve energy through its sustainability initiatives.

C. Foreign Exchange Earnings and Outgo

During the year under review, your Company earned Foreign Exchange Revenue of ₹ 12.29 Crores (Previous Year ₹ 18.01 Crores) and the Foreign Exchange outgo on account of commission and others is ₹ 0.52 Crores (Previous year ₹ 1.76 Crores).

Statutory Auditors

The Statutory Auditors M/s. Walker Chandio & Co. LLP (LLP No. N500013), have been the Statutory Auditors for the Company for a period of 10 years. They have expressed their unwillingness to be re-appointed as the auditors of the Company and the Board places on record their appreciation. The Board proposes to appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as the statutory auditors of the Company. This change is in order to remain at the fore front of good governance and in recognition of regulatory changes in India.

A consent from M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received. The proposal for the appointment is included in the notice to this Annual General Meeting.

Directors' Report

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. G Shanker Prasad, Company Secretary in Whole-time Practice to undertake the Secretarial Audit of the Company for the fiscal year 2014-15.

There were no qualifications by the Auditor in their Secretarial Audit Report in **Form MR-3** for the Financial Year ended March 31, 2015 which is appended as **Annexure – 4** to this Report.

Explanations or Comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Auditor

There were no qualifications or adverse remark by the Auditors in their Auditors' Report.

Audit Committee Recommendation

During the financial year 2014-15, all the recommendations of the Audit Committee were accepted by the Board.

Extract of Annual Return

In accordance with Section 92 and 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in the **Form MGT 9** is appended as **Annexure – 5** to this Report.

Litigation

Royal Orchid Hotels Ltd. (ROHL) and Kamat Hotels Pvt. Ltd. (KHPL) are having a dispute over the use of the name ORCHID. In a suit filed by KHPL before the Bombay High Court in 2008, the Court passed a status quo order on April 5, 2011 allowing ROHL to use its trademark ROYAL ORCHID for its existing hotels and business, but not in respect of any new hotel or line of business. However, in Appeal, the Division Bench of the Bombay High Court permitted ROHL to use the trademark in respect of its new hotel at Vadodara. This was challenged by KHPL as the judge has not considered the pass off. The divisional bench of Bombay High court has neither expressly denied to use the trademark nor granted permission. ROHL has filed Special Leave Petition (SLP) before Supreme Court against the order of July 17, 2014 of Divisional Bench of Bombay High Court.

In June 2013 the Intellectual Property Appellate Board (IPAB) allowed the Appeals filed by ROHL against the orders passed by the Trade Marks Registry rejecting the applications for registration of its trademarks in class 42 and the IPAB ordered that ROHL's trademarks be registered. ROHL's marks ROYAL ORCHID and ROYAL ORCHID HOTELS stand registered in Class 42 as per the Order of the IPAB and the said Order was challenged by KHPL in a writ petition before the Madras High Court. The Madras High Court passed order in favour of KHPL and the same has been challenged by ROHL before Supreme Court and the SLP is yet to be heard by Supreme Court.

Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future

There were no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

Internal Financial Control Systems

The Company has adequate system of internal controls, which ensures that all the transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition.

The Company appointed Internal Auditors who does concurrent internal audits and management reviews and supplements the process of internal control every month. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Company also has an Audit Committee; comprising 3 (three) professionally qualified Independent Directors, who interact with the Statutory Auditors, Internal Auditors and Management in dealing with matters within its terms of reference. This Committee mainly deals with accounting matters, financial reporting and internal controls.

Vigil Mechanism

The Company has adopted a channel for receiving and redressing of employees' complaints. Under this policy, we encourage our employees to report any reporting of fraudulent financial or other information to the stakeholders, any conduct that results in violation of the Company's Code of Business Conduct, to management (on an anonymous basis, if employees so desire). Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring. No individual in the Company has been denied access to the Audit Committee or its Chairman.

The Audit/Risk and Compliance Committee periodically reviews the functioning of this mechanism. This meets the requirement under Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

No personnel of the Company were denied access to the Audit Committee.

Directors' Responsibility Statement

Your Company's Directors make the following statement in terms of Section 134(5) of the Companies Act, 2013, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- a. in the preparation of the Annual Accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on 'a going concern basis';
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. the Directors have devised proper system to ensure compliances with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Awards and Recognitions

- Royal Orchid Hotels was awarded as one of the **"Bengaluru's Hot 50 Best Brands"** at The Brand Summit and Awards for the years 2015 and 2014 which has been organized by Paul Writer.
- Trip Advisor Winner 2015- Hotel Royal Orchid is awarded with Tripadvisor **"Certificate of Excellence"**.

Acknowledgments

Your Directors place on record, their deep sense of appreciation to all Employees, support staff, for adopting to the values of the Company, viz., collaborative spirit, unrelenting dedication and expert thinking, to be an expertise led organization and the Company's Customers for letting us deliver the Company's Mission statement, to help the businesses and societies flourish. The Board also immensely thank all the Shareholders, Investors, Vendors, Service Providers, Bankers and all other Stakeholders for their continued and consistent support to the Company during the year.

Your Directors would like to make a special mention of the support extended by the various Banks, Departments of Government of India, the State Governments, the Tax Authorities, the Ministry of Commerce, Ministry of Tourism, Government of India, Karnataka State Tourism Development Corporation (KSTDC), Ministry of Corporate Affairs, Ministry of Finance, Securities and Exchange Board of India, NSE & BSE and others and look forward to their continued support in all future endeavours.

**For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited**

**Place : Bengaluru
Date : August 25, 2015**

**Chander K Baljee
Managing Director**

**R V S Rao
Director**

Form – AOC –I

(Pursuant to first proviso to sub-section (3) of Sec. 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing the salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART- A

Sl. No.	Name of Subsidiary	Reporting currency and exchange rate	Share capital	Reserve and Surplus	Total Assets	Total Liabilities (excluding share capital and reserve & surplus)	Investments	Turnover	PBT	Provision for tax	PAT	% of Share-holding
1.	Royal Orchid Hyderabad Private Limited	NA	1,77,00,000	(25,86,289)	1,51,66,701	52,990	NIL	6,82,487	6,64,715	NIL	6,64,715	99.45
2.	Icon Hospitality Private Limited	NA	9,87,76,200	24,07,69,330	69,45,38,343	35,49,92,813	NIL	18,38,07,269	(5,98,92,496)	3,077,025	(6,29,69,521)	51.07
3.	Maruti Comforts & Inn Private Limited	NA	6,24,96,900	(27,23,095)	14,81,99,625	8,84,25,820	NIL	13,09,84,166	17,34,153	11,56,050	5,78,103	65.22
4.	Royal Orchid South Private Limited	NA	91,00,000	(95,74,305)	25,80,868	30,55,173	NIL	12,59,267	11,53,592	3,56,460	7,97,132	98.90
5.	Royal Orchid Associated Hotels Private Limited ***	NA	50,00,000	2,06,44,720	9,46,74,929	6,90,30,208	NIL	4,38,56,762	23,79,302	7,35,204	16,44,098	96.00
6.	A B Holdings Private Limited @@	NA	26,00,000	(1,49,58,718)	1,60,84,405	2,84,43,123	48,00,000	NIL	(3,36,146)	NIL	(3,36,146)	96.15
7.	Royal Orchid Jaipur Private Limited	NA	1,66,00,000	2,13,69,663	6,11,70,958	2,32,01,294	NIL	7,67,65,851	47,94,047	NIL	47,94,047	99.40
8.	Multi Hotels Limited @	NA	967	12,07,38,271	18,53,37,860	6,45,98,621	NIL	NIL	(27,00,614)	NIL	(27,00,614)	96.67
9.	Royal Orchid Shimla Private Limited	NA	5,00,000	(28,958)	5,00,259	29,217	NIL	82,289	63,807	NIL	63,807	99.98
10.	Royal Orchid Goa Private Limited	NA	5,00,000	(27,369)	5,00,259	27,628	NIL	58,860	46,709	NIL	46,709	99.98
11.	Royal Orchid Maharashtra Private Limited	NA	5,00,000	(22,75,320)	2,31,57,677	2,49,32,997	NIL	NIL	(58,323)	NIL	(58,323)	99.98
12.	Royal Orchid Mumbai Private Limited	NA	5,00,000	(64,256)	5,00,000	64,256	NIL	19,231	(10,189)	NIL	(10,189)	99.99
13.	Amar Tara Hospitality Private Limited	NA	35,50,00,000	(4,73,43,281)	48,28,87,726	17,52,31,007	NIL	NIL	(2,64,33,571)	NIL	(2,64,33,571)	75.10
14.	Cosmos Premises Private Limited #	NA	40,47,620	17,73,40,438	22,12,67,699	3,98,79,641	NIL	14,01,32,515	2,06,26,255	46,45,213	1,59,81,042	50

Notes:

- * The reporting period for all subsidiaries concerned is March 31, 2015, same as of holding Company
 ** None of the Subsidiaries has recommended or proposed dividend during the year
 *** Held by AB Holdings Private Limited
 @@ Investment column denotes investment in Royal Orchid Associated Hotels Private Limited
 @ Overseas Subsidiary
 # Subsidiary by Board majority

PART “B”: Associates and Joint Ventures**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of the Associates/Joint Ventures	Ksheer Sagar Developers Private Limited	J H Builders Private Limited	Ksheer Sagar Buildcon Private Limited	Raj Kamal Buildcon Private Limited
1. Latest audited balance sheet date	31.03.2015	31.03.2015	31.03.2015	31.03.2015
2. Shares of Associate / Joint Ventures held by the Company on the Year end				
i. No. of shares	5000	5000	5000	5000
ii. Amount of investments in associates / JVs	50,000	50,000	50,000	50,000
iii. Extend of holding %	50.00%	50.00%	50.00%	50.00%
3. Description of how there is significant influence *	ROHL holding is more than 20%	ROHL holding is more than 20%	ROHL holding is more than 20%	ROHL holding is more than 20%
4. Reason why the associate/joint ventures not consolidated	NA	NA	NA	NA
5. Net worth attributable to shareholding as per latest Audited Balance Sheet	19,88,95,877	47,29,6,052	4,73,45,459	4,73,43,963
6. Profit/Loss for the year				
i. Considered in consolidation	(179,61,079)	(14,357)	(14,357)	(14,357)
ii. Not considered in consolidation	-	-	-	-

Annexure – 2**FORM NO. AOC -2****(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis: Nil
- Details of contracts or arrangements or transactions at Arm's length basis

Sl. No.	Name of related Party	Nature of relationship	Nature of contract/ arrangements/ transaction	Duration of contract/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1.	Mrs. Sunita Baljee	Wife of Mr. Chander K Baljee	Marketing Consultancy Services	Terms of services	Sunita Baljee will hold position of Marketing Consultant in ICON (subsidiary of ROHL) for a monthly remuneration of Rs. 2,50,000/-	26.04.2014	NA

- Details of loans, guarantees, investments to subsidiaries and related parties are part of the financials.

Particulars of Employees

a) Information as per Rule 5(1) of Chapter XII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. the ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial Year;	Name of the Directors		Ratio to the Median	
	Chander K Baljee Managing Director		122 times	
	Independent Director		- NA	
	Median remuneration of employees		₹ 97,897	
None of the Directors other than Managing Director are being paid any remuneration apart from sitting fees for Board and Committee Meetings				
ii. the percentage increase in remuneration of each director, chief financial officer, company secretary in the financial year;	Name		Percentage of increase	
	Chander K Baljee Managing Director		As per Central Government and Shareholders approval	
	Amit Jaiswal, CFO		100%	
	Payal Sharma, Company Secretary		28%	
None of the other Directors are being paid any remuneration				
iii. percentage increase in the median remuneration of employees in the financial year;	There is increase of 6.5% in the median remuneration of employees in the financial year 2014-15			
iv. number of employees including contractual on the rolls of company;	3179			
v. the explanation on the relationship between average increase in remuneration and company performance.	The average increase in remuneration is aligned with company's revenues			
vi. variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of the listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	Closing Year	Closing Price	M. Cap (in ₹)	PE Ratio
	31.03.2014	30.25	82,38,27,441	(3.06)
	31.03.2015	41.05	1,11,79,54,263	12.44
	There was an increase of ₹ 29,41,26,822/- i.e. 35.70% in Market Capitalization of the Company during the financial year 2014-15.			
vii. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	6.5%			
viii. comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	Increases in each remuneration of KMP is proportional to revenues of the company for the financial year 2014-15			
ix. the key parameters for any variable component of remuneration availed by the directors;	No variable component paid to the Directors during the year.			
x. the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	NA			
xi. affirmation that the remuneration is as per the remuneration policy of the company	Yes, the remuneration is as per the policy adopted by the Company.			

Annexure - 4

**G.SHANKER PRASAD ACS AICWA
PRACTISING COMPANY SECRETARY**

#10, AG's Colony, Anandnagar, Bangalore – 560 024. Tel: 080 42146796
email : graplind@gmail.com / gsp@graplind.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Royal Orchids Hotels Limited,
Bengaluru

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Royal Orchids Hotels Limited** (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder which have been notified and the Companies Act, 1956 which are still in force.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

For the purpose of examining adequacy of compliances with other applicable laws reliance has been placed on the Compliance Certificate issue by the Company Secretary and other officials at each Board meeting, based on the report received by the Company from its hotels and service units etc. as part of the Company's Compliance Management and Reporting System. Based on the aforesaid internal compliance certificates, we are of the opinion that the Company has generally complied with the following:

1. Deposit of Provident Fund, Employee State Insurance, Employee Deposit Linked Insurance and other employee related statutory dues.
2. Applicable stipulations pertaining to the Payment of Wages Act, Minimum wages Act, Contract Labour (Regulation and Abolition) Act and other related legislations.

Directors' Report

However, notices received from the statutory authorities, if any, are reported as part of Board process for compliance reporting and appropriate action is taken from time to time.

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange. Since Secretarial Standards issued by the Institute of Companies Secretaries of India are applicable from July 1, 2015, they have not been considered for the purpose of this report.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations in **Annexure A**.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in the case of one Board Meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bengaluru
Date: August 07, 2015

G. Shanker Prasad
ACS No.: 6357
CP No: 6450

This report is to be read with our letter of even date which is annexed as **Annexure B** and forms an integral part of this report.

ANNEXURE A

1. The Company has given short notice in case of one Board Meeting and has consequently made a belated intimation to the stock exchanges regarding the said Board Meeting for which the Company has paid fine levied by the Bombay Stock Exchange.

ANNEXURE B

To,
The Members
Royal Orchids Hotels Limited,
Bengaluru

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Bengaluru
Date: August 07, 2015

G. Shanker Prasad
ACS No.: 6357
CP No: 6450

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.	REGISTRATION AND OTHER DETAILS	
i.	CIN	L55101KA1986PLC007392
ii.	Registration Date	03-Jan-1986
iii.	Name of the Company	Royal Orchid Hotels Limited
iv.	Category/ Sub-category of the Company	Public Company/ Limited By Shares
v.	Address of the Registered Office and Contact details	No.1, Golf Avenue, HAL Airport Road, Bangalore - 560 008 Tel: 080-40612345 e-mail: cosec@royalorchidhotels.com
vi.	Whether Listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bengaluru - 560 003 Tel: 080-23460815-818 Email: alfint@vsnl.com
II.	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
	All the business activities contributing 10% or more of the total turnover of the company shall be stated:	As per attachment – A
III.	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per attachment – B
IV.	SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)	
i.	Category – wise Share holding	As per attachment – C
ii.	Shareholding of Promoters	As per attachment – D
iii.	Change in Promoters' Shareholding	As per attachment – E
iv.	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per attachment – F
v.	Shareholding of Directors and Key Managerial Personnel	As per attachment – G
V.	INDEBTEDNESS	
i.	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per attachment – H
VI.	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager and Key Managerial Personnel	As per attachment – I
B.	Remuneration to other directors	As per attachment – J
VII.	PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES	NIL

Directors' Report

Attachment – A

Sl. No.	Name and Description of Main Products/ Services	NIC code of Product/ Service	% of the total turnover of the Company
1.	Accommodation and Food service activities Accommodation - Restaurants and Hotels	55101	56%
2.	Food and beverage service activities – Restaurants and Mobile Food Services	5610	36%

Attachment – B

Sl.No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share- holding	Appli- cable Section
1.	Icon Hospitality Private Limited The Central Park, No. 47/1, Dickenson Road, Bangalore-560 042	U55101KA2003PTC031516	Subsidiary	51.07	Sec 2(87)
2.	Maruti Comforts & Inn Private Limited Allalasandra, Bellary Road, Yellankha, Near Jakkur Flying Club, Bangalore-560 065	U55101KA1994PTC015366	Subsidiary	65.22	Sec 2(87)
3.	Royal Orchid Hyderabad Private Limited No.-1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55101KA2005PTC037198	Subsidiary	99.45	Sec 2(87)
4.	Royal Orchid South Private Limited No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55101KA2006PTC038712	Subsidiary	98.90	Sec 2(87)
5.	A B Holdings Private Limited No. 47/1, Manipal Centre, Dickenson Road, Bangalore-560 042	U70102KA2006PTC040894	Subsidiary	96.16	Sec 2(87)
6.	Royal Orchid Jaipur Private Limited No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U055101KA2005PTC036813	Subsidiary	99.40	Sec 2(87)
7.	Multi Hotels Limited* Plot No. 1, Mjimwema Temeke, P O Box No. 1889, Dar Es Salam, Tanzania	8527	Subsidiary	96.67	Sec 2(87)
8.	Royal Orchid Maharashtra Private Limited No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55101KA2008PTC046681	Subsidiary	99.98	Sec 2(87)
9.	Royal Orchid Goa Private Limited No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55101KA2008PTC046679	Subsidiary	99.98	Sec 2(87)
10.	Royal Orchid Shimla Private Limited No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55100KA2008PTC046598	Subsidiary	99.98	Sec 2(87)
11.	Royal Orchid Mumbai Private Limited No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55101KA2009PTC049631	Subsidiary	100	Sec 2(87)
12.	Amar Tara Hospitality Private Limited CTS 190/191, Indian Corp. Mills Compound, Office Bldg., 2nd floor, Saki Vihar Road, Powai, Mumbai - 400 072	U55101MH2009PTC194423	Subsidiary	75.10	Sec 2(87)
13.	Cosmos Premises Private Limited 201, Phoenix, Bund Garden Road, Opp. Residency Club, Pune, Maharashtra - 411 001	U70100PN1997PTC133546	Subsidiary	50.00	Sec 2(87)
14.	Royal Orchid Associated Hotels Pvt. Ltd. No. -1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore-560 008	U55101KA2006PTC040290	Subsidiary	96.00	Sec 2(87)
15.	J.H. Builders Pvt Ltd Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018	U45201RJ1995PTC010122	Joint venture	50.00	Sec 2(6)

Sl.No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share- holding	Appli- cable Section
15.	Ksheer Sagar Developers Pvt. Ltd. Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018	U45201RJ1995PTC010120	Joint venture	50.00	Sec 2(6)
16.	Ksheer Sagar Buildcon Private Limited Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018	U45201RJ1995PTC010707	Joint venture	50.00	Sec 2(6)
17.	Raj Kamal Buildcon Pvt. Ltd. Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018	U45201RJ1995PTC010121	Joint venture	50.00	Sec 2(6)

* Overseas subsidiary.

SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

Attachment – C

1. Category wise Shareholding

Category of Shareholders		No. of shares held at the beginning of the Year 01.04.2014				No. of shares held at the end of the Year 31.03.2015				% change during the year
A. Promoters										
1.	Indian	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
a.	Individuals/ Hindu Undivided Family	13371412	-	13371412	49.10	13399882	0	13399882	49.20	0.21%
b.	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	
c.	Bodies Corporate	5944026	-	5944026	21.83	5944026	0	5944026	21.83	0.00%
d.	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	
e.	Any Other (specify)	-	-	-	-	-	-	-	-	
Sub Total of A 1		19315438	0	19315438	70.92	19343908	0	19343908	71.03	0.15%
2.	Foreign	-	-	-	-	-	-	-	-	-
a.	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b.	Bodies Corporate	-	-	-	-	-	-	-	-	-
c.	Institutions	-	-	-	-	-	-	-	-	-
d.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e.	Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub Total of A 2		0	0	0	0	0	0	0	0	0
B. Public Shareholding										
1. Institutions										
a.	Mutual Funds/ UTI	2404663	0	2404663	8.83	2393868	0	2393868	8.79	(0.45%)
b.	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	
c.	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	
d.	Venture Capital Funds	-	-	-	-	-	-	-	-	
e.	Insurance Companies	-	-	-	-	-	-	-	-	
f.	Foreign Institutional Investors	-	-	-	-	-	-	-	-	

Directors' Report

Category of Shareholders		No. of shares held at the beginning of the Year 01.04.2014				No. of shares held at the end of the Year 31.03.2015				% change during the year
g.	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i.	Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub Total of B 1		2404663	0	2404663	8.83	2393868	0	2393868	8.79	(0.45%)
2. Non-Institutions										
a.	Bodies Corporate	390294	0	390294	1.43	341973	0	341973	1.26	(12.38%)
b.	Individuals -									
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	3970380	60820	4031200	14.80	3727815	60819	3788634	13.91	(6.02%)
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	876320	0	876320	3.22	1162162	-	1162162	4.27	32.62%
c.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d.	Any Other (specify)									
	NRI	176783	0	176783	0.65	180946	0	180946	0.66	2.35
	Clearing Member	38665	0	38665	0.14	21773	0	21773	0.08	(43.69)
	Trust	1	0	1	0.00	100	0	100	0.00	99.00%
	Escrow Account	601	0	601	0.00	601	0	601	0.00	0.00%
Sub Total of B 2		5453044	60820	5513864	20.25	5435370	60819	5496189	20.18	(0.32%)
Total B1+B2		7857707	60820	7918527	29.08	7829238	60819	7890057	28.97	(0.36%)
C. Shares held by Custodian GDRs & ADRs		-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		27173145	60820	27233965	100.00	27173146	60819	27233965	100.00	-

Attachment – D

2. Shareholding of Promoters

S. No.	Shareholders' Name	No. of shares held at the beginning of the Year 01.04.2014			No. of shares held at the end of the Year 31.03.2015			% change in share holding during the year	Shares pledged/ encumbered as on reporting date *
		No. of Shares held	% of total shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares held	% of total shares of the Company	% of Shares pledged/ encumbered to total shares		
1.	Chander K Baljee	11921090	43.77	43.67	12029560	44.17	43.67	0.91	NIL
2.	Baljee Hotels and Real Estate Pvt Ltd.	5714689	20.98	20.18	5714689	20.98	20.18	-	NIL
3.	Keshav Baljee	803424	2.95	2.95	803424	2.95	2.95	-	NIL
4.	Arjun Baljee	315342	1.16	1.08	315342	1.16	1.08	-	295241
5.	Hotel Stay Longer P Ltd.	229337	0.84	0.83	229337	0.84	0.83	-	NIL
6.	Sunita Baljee	226260	0.83	0.83	226260	0.83	0.83	-	NIL
7.	Sunil Sikka	105296	0.39	0.02	25296	0.09	0.02	-75.98	NIL

* Pledge released on 13/04/2015

Attachment – E**1. Change in Promoters' Shareholding**

Sl. No.	Shareholder Name	No. of shares held at the beginning of the Year 01.04.2014		No. of shares held at the end of the Year 31.03.2015	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	Mr. Chander K Baljee	11921090	43.77	12029560	44.17
2.	Baljees Hotels and Real Estates Private Limited	5714689	20.98	5714689	20.98
3.	Keshav Baljee	803424	2.95	803424	2.95
4.	Arjun Baljee	315342	1.16	315342	1.16
5.	Hotel Stay Longer Private Limited	229337	0.84	229337	0.84
6.	Sunita Baljee	226260	0.83	226260	0.83
7.	Sunil Sikka	105296	0.39	25296	0.09
		19315438	70.92	19343908	71.03
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/sweat/equity etc.)*		Mr. Chander K Baljee - increase : 04.04.2014 - 3281; 11.04.2014 - 3707; 24.06.2014 - 11482; 12.01.2015 – 90,000 Mr. Sunil Sikka – decrease:12.01.2015 – 90,000			

* Purchase / Sale denotes secondary market transaction

Attachment – F**2. Shareholding Pattern of the Top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	For each of the Top 10 Shareholders	No. of shares held at the beginning of the Year 01.04.2014		No. of shares held at the end of the Year 31.03.2015	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	SBI Contra Fund	2329663	8.55	2343868	8.60
2.	Rahul Goenka	95000	3.49	95000	3.49
3.	SBI Magnum Children's Benefit Plan	75000	0.28	50000	0.18
4.	Jaithirth Rao	64895	0.24	64895	0.24
5.	Maple Vyaapaar Private Limited	42800	0.16	42800	0.16
6.	Vivek	40000	0.15	40000	0.15
7.	Pranav Parekh	35691	0.13	49144	0.18
8.	Sampath Reddy Baddam	30429	0.11	66649	0.24
9.	Rajesh Kumar Agrawal	24779	0.09	53801	0.19
10.	K Lakshmikanth Reddy	18734	0.06	132754	0.48
Date wise increase/decrease in above top ten shareholders' Shareholding during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/ sweat/equity etc.)*		During the year 2014-15, the increase/decrease happened amongst the following shareholders on account of market sale / market purchase 1. SBI Contra Fund – Increased on 19.12.2014 – 14205 2. SBI Magnum Children's Benefit Plan - Decreased on 04.07.2014 – 25000 3. Pranav Parekh - Increased on 9.1.2015 – 6501, Increased on 6.03.2015 – 6952 4. Sampth Kumar Baddam - * Increased on 20.06.2014 – 17800, Increased on 11.07.2014 – 8820, Increased on 5.9.2014 – 9600 5. Rajesh Kumar Agrawal - Increased on 8.8.2014 – 6766, Increased on 14.08.2014 – 5080, Increased on 22.08.2014 – 3276, Increased – 4245, Increased on 12.09.2014 – 1858, Increased – 435221, Increased on 9.01.2015 – 1000, Increased on 6.02.2015 – 1894, Increased – 907 6. Lakshmikanth Reddy - Increased on 16.05.2014 – 14016, 23.05.2014 – 4571, Increased – 6479, Increased on 11.07.2014 – 9982, Increased on 18.07.2014 – 7700, Increased on 25.07.2014 – 14755, Increased on 01.08.2014 – 9366, Increased on 8.8.2014 – 22109, Increased – 645, Increased on 5.09.2014 – 2500, Increased on 19.12.2014 – 8190.			

* Purchase / Sale denotes secondary market transaction

Directors' Report

Attachment – G

3. Shareholding of Directors and Key Managerial Personnel*

Sl. No.	Name	No. of shares held at the beginning of the Year 01.04.2014		No. of shares held at the end of the Year 31.03.2015	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Chander K Baljee	11921090	43.77	12029560	44.17
2.	R.V.S. Rao	4500	0.02	4500	0.02
3.	Sunita Baljee	226260	0.83	226260	0.83
4.	Sunil Sikka	105296	0.39	25296	0.09
Date wise increase/decrease in Directors/ KMPs shareholding during the year specifying the reasons for increase/ decrease (e.g allotment/ transfer/ bonus/ sweat/equity etc.)**		Mr. Chander K Baljee - increase : 04.04.2014 - 3281; 11.04.2014 - 3707; 24.06.2014 - 11482; 12.01.2015 – 90,000 Mr. Sunil Sikka – decrease:12.01.2015 – 90,000			

*- None of the Directors and Key Managerial Personnel other than mentioned above are holding any Shares of the Company

** Purchase / Sale denotes secondary market transaction

Attachment – H

4. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amt. in Rs. crores)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i. Principal Amount	48.67	6.77	-	55.44
ii. Interest due but not paid	1.02	0.47	-	1.49
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	49.69	7.24	-	56.93
Change in Indebtedness during the Year				
- Addition	38.91	-	-	38.91
- Reduction	48.66	5.25	-	53.91
Indebtedness at the end of the Financial Year				
i. Principal Amount	38.92	1.52	-	40.44
ii. Interest due but not paid	0.21	0.41	-	0.62
iii. Interest accrued but not due	0.25	-	-	0.25
Total (i+ii+iii)	39.38	1.93	-	41.31

Remuneration of Directors and Key Managerial Personnel:**Attachment – I****A. Remuneration to Managing Director, Whole-time Director and/or Manager and Key Management Personnel**

Sl. No.	Particulars of Remuneration	Name of Managing Director – Chander K Baljee	Name of the Whole-time Director Sunil Sikka	Key Managerial Personnel		Total Amount (Amt in ₹)
				Amit Jaiswal	Payal Sharma	
1.	Gross Salary					
	a. Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961	1,20,00,000	NIL	28,51,570	4,20,000	1,52,71,570
	b. Value of perquisites u/s. 17(2) Income Tax Act, 1961	Nil	NIL	NIL	NIL	Nil
	c. Profits in lieu of Salary u/s. 17(3) Income Tax Act, 1961	Nil	NIL	NIL	NIL	Nil
2.	Stock Option	Nil	NIL	NIL	NIL	Nil
3.	Sweat Equity	Nil	NIL	NIL	NIL	Nil
4.	Commission - As % of profit - Others, specify	Nil	NIL	NIL	NIL	Nil
5.	Others, please specify	Nil	NIL	NIL	NIL	Nil
6.	Total (A)	1,20,00,000	NIL	28,51,570	4,20,000	1,52,71,570
Ceiling as per the Act. (Section 197) The remuneration of the Managing Director is in accordance with Schedule V of the Companies Act, 2013 and vide Special Resolution passed at the Twenty Eight Annual General Meeting on September 29, 2014						
No remuneration is paid to the Whole-time Director Mr. Sunil Sikka						

Attachment – J**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	R V S Rao	Vijay K Rekhi	K Jairaj	Sunita Baljee	Sunil Sikka	Total Amount (Amt in ₹)
1.	Gross Salary						
	a. Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
	b. Value of perquisites u/s. 17(2) Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
	c. Profits in lieu of Salary u/s. 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission - As % of profit - Others, specify	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others, Sitting fees as per Attendance during the year	5,30,000	3,20,000	3,40,000	NIL	NIL	11,90,000
6.	Total (A)	5,30,000	3,20,000	3,40,000	NIL	NIL	11,90,000
7.	Overall ceiling as per Act	Apart from sitting fees which is within the limits as per Section 197 (7) of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no other form of remuneration is paid to the Independent Directors.					



Overview

This discussion aims to present a macro view of the operations of the Company, in the light of general, socio, economic and political conditions prevailed during the year and their impact on the hospitality Industry.

1. Industry Structure and Developments

World Tourism

The sector for Travel & Tourism in 2014 in the world was very positive, with Total Travel & Tourism GDP growth forecast to reach 4.3%. Much of this growth is being driven by higher consumer spending as the recovery from recession gathers pace and is becoming firmly established. Tourists are expected to spend more per trip and stay longer on their holidays in 2014, while long haul travel, especially among the European markets, is also expected to gain a greater share of international tourism demand. Travel & Tourism forecasts over the next ten years also look extremely favourable, with predicted growth rates of over 4% annually that continue to be higher than growth rates in other sectors. (source - WTTC world)

The travel and tourism sector has developed into an industry with an annual economic report (direct, indirect and induced) of around US\$ 6.5 trillion worldwide. The global hotel industry generates approximately between US\$ 400 – 500 billion in revenue each year, one third of that revenue is attributable to the United States.

Tourism in India

According to India Brand Equity Foundation, the **tourism and hospitality industry** is one of the largest segments under the services sector of the Indian economy. Tourism in India is a key growth driver and a significant source of foreign exchange earnings. In India, the sector's direct contribution to Gross Domestic Product (GDP) is expected to grow at 7.8 per cent per annum during the period 2013–2023.

The direct contribution of Travel & Tourism to GDP was INR 2,478.2 bn (2.2% of total GDP) in 2014, and is forecast to rise by 7.6% in 2015 and to rise by 7.2% pa, from 2015-2025 to INR 5,339.2 bn (2.5% of total GDP) in 2025 (source - WTTC).

The total contribution of Travel & Tourism to GDP was INR 7,642.5 bn (6.7% of GDP) in 2014, and is forecast to rise by 7.5% in 2015, and to rise by 7.3% pa to INR 16,587.2 bn (7.6% of GDP) in 2025 (source-WTTC).

Travel & Tourism investment in 2014 was INR 2,107.2 bn, or 6.2% of total investment. It is expected to rise by 9.3% in 2015. Travel & Tourism generated 5.5% of total employment directly in 2014 and this is forecast to grow by 1.9% in 2015.

The number of Foreign Tourist Arrivals (FTAs) to India, has grown steadily in the last three years reaching around 7.46 million during January–December 2014. (Source - India Brand Equity Foundation).

The Tourist Visa on Arrival (TVoA) scheme enabled by Electronic Travel Authorisation (ETA), launched by the Government of India on November 27, 2014 for 43 countries has led to a growth of 1,214.9 percent recently. For example, during the month of January 2015, a total of 25,023 tourist arrived by availing TVoA as compared to 1,903 TVoA during the month of January 2014. (Source - India Brand Equity Foundation).

Government Initiatives

The Indian Government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India including:

The Government of India has set aside ₹ 500 crore (US\$ 79.17 million) for the first phase of the National Heritage City Development and Augmentation Yojana (HRIDAY); Under 'Project Mausam' the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries; Extension Visa on Arrival Facility (VoA) to 150 countries in stages from the current 43, is a big step to promote tourism; Availability of Medical Visa for tourists coming into the country for medical treatment; 100 per cent FDI allowed through automatic route in hotel and tourism sector. (source - IBEF)

The Indian tourism and hospitality industry has materialized as one of the key drivers of growth among the services sectors in India. It contributes to 6.23 per cent to the National GDP and 8.78 percent of the total employment in the country. Constant transformation, functional growth and improving standards have gained the hospitality industry of India approval all over the world.

Hospitality

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India.

The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country and it has become one of the leading players in the global industry. ICRA Ltd., rating agency expects the revenue growth of Indian hotel industry strengthening to 9–11 per cent in 2015–16.

India is projected to be number one for growth globally in the wellness tourism sector in the next five years, clocking over 20 per cent gains annually through 2017, according to a study conducted by SRI International.

The hospitality sector has begun to see some improvement in the October – December quarter. Hospitality companies expect the trend to get stronger in the coming year. Slowing economic growth and a glut in supply of new rooms had led to lower occupancy rates in the post-crisis years. The official count of branded/organised hotel rooms crossed one lakh during 2014, creating a huge mismatch between demand and supply in the market.

Overall, 2014 was quite a challenging year for the industry. According to veterans, the average occupancy during the year stood at 55 – 60 per cent, though some hotel chains outperformed the market in certain pockets.

ICRA Ltd. rating agency expects the revenue growth of Indian hotel industry strengthening to 9 – 11 per cent in 2015 – 16.

India is projected to be number one for growth globally in the wellness tourism sector in the next five years, clocking over 20 per cent gains annually through 2017, according to a study conducted by SRI International.

2. Outlook for Royal Orchid

The present room inventory of Royal Orchid group is 2473 keys and is set to expand to the level of 4000 keys by 2015.

We continue to expand through 'asset light strategy' and building the brand portfolio through Management Contracts and Franchise contracts in various parts of the country and abroad.

3. Discussion on financial performance with respect to operational performance

Discussion on financial performance

During the year under review, the consolidated revenue from operations was Rs. 147.75 crores as compared to previous year of Rs. 142.04 crores, registering growth of 4.02%. In spite of the adverse market conditions and weak demand, the company could increase its revenues and achieving standalone profits.

The industry faced a severe competition and over supply of keys, which reduced the ARR and Occupancy rates. As the company has consolidated its revenue, after the sale of its two units, the company looks forward for better operating profits in the years to come.

4. Risks and Concerns

Your Company recognized the major concerns in the industry including:

A strong infrastructure is critical to the opening of tourism industry in the country. It has advocated for concrete steps to strengthen connectivity and accommodation facilities not only high-traffic destinations but also remote, far-off destinations.

Funding for infrastructure for Hotel business requires long term payback period over 15 years and also do not have a single window clearance for all licenses and permissions required to start a hotel, which adds to the delay of the projects. The State Infrastructure status should be such that hotels should get lower rates of interest on loans and long term debts over 15 years to payback.

Management Discussion and Analysis

The services of the industry have become expensive due to multiple tax structure. If taxes like VAT, luxury tax and service tax can be rationalized to a reasonable level, it may reduce the cost and would be affordable.

Basic infrastructure needs to improve. Especially tourist locations like emerging markets / Tier 2 cities infrastructure in terms of connectivity and clean roadway facilities to refresh will encourage domestic travelers to initiate more travel.

Hospitality education infrastructure facilities need to be looked into since there is a shortage of skilled manpower in this industry. Better infrastructure for Tourism will provide employment as well as foreign exchange and more business profits to hotels.

6. Internal Control Systems and Adequacy

The Company has already placed strict Internal Control Systems across various functions which are adequate and commensurate with the size of the operations. The operations of each of the individual hotel units are continuously monitored on a daily basis by various functional heads and a well structured Management Information System Report facilitates speedy identification and correction of deviations occur, if any. Under the guidance and reference of the Audit Committee of Directors, an independent firm of Chartered Accountants conducts the internal audits on monthly basis across all the units of the Company and reports generated are reviewed at every meeting of Audit Committee of Directors. The Audit Committee of Directors reviews the scope and extent of audit functions through periodical discussions with the Company's Statutory and Internal Auditors and advises the modifications / improvements in the same, as and when required.

7. Human Resources Initiatives

The Company continues to maintain a very cordial and healthy relationship with its workforce across all its units. The total number of permanent employees on rolls as well as contractual as at March 31, 2015 was 3179 across all its units.

With the increase in workforce due to expansion in business, envisaging the requirement of adequate on the job training across the various levels of employees, a major thrust to the training and development of multiskilled certification programmes has been initiated with American Hotel and Lodging Educational Institute (AHLEI).

The Company has also started technology based learning through online portals which are also synced with mobile phones.

To attract and retain good employees in the Company, we are ensuring the best place to work. We are striving towards attracting, retaining, training, multiskilling employees and working towards the welfare of our resources .

A dynamic and transparent performance appraisal system along with various positive initiatives towards employee welfare requirements ensures maintaining the employees' morale at greater heights. Under the 'Hotel Royal Orchid Employees Welfare Trust' the Company continues to offer financial support for medical and educational needs of certain category of employees.

Under Baljee Foundation Welfare Trust the Company is working towards the well-being of the larger community and assisting them to be self-reliant by honing their skills.

8. Corporate Debt Restructuring

During the March 2013, your Company had sought for corporate debt restructuring of loan and five banks and institutions as CDR members had approved to restructure the loan the tune of Rs. 149.78 crores. Your Company had paid off 80% of the loan amount under the CDR Scheme during the year 2013-14. During the year under review, the Company has settled entire amount outstanding under CDR scheme amounting to Rs. 38.3 crores (including over draft facility of Rs. 4 crores) in December 2014.

Cautionary Statement

The business of the Hotel industry largely depends on the tourism and business related travel activities. Thus, any impact on the Tourism or general business related travelling activities affects the performance of the hotel industry. In view of the same, the 'forward looking statements' are to be understood in the right perspective.

CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2015

Our ethos has always been to adopt best practices of Corporate Governance and strive for its continuous improvement. We have summarized the same in this Corporate Governance Report. These are articulated through Company's Code of Business Conduct, Corporate Governance Guidelines and Charters of various Sub-Committees of the Board and Company's Disclosure Policy. These policies seek to focus on enhancement of long term shareholder value without compromising on ethical standards and corporate social responsibilities.

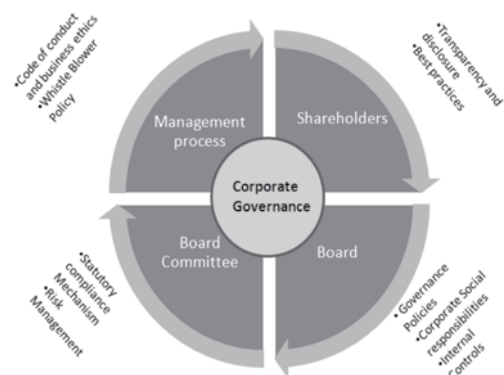
1. Company's Philosophy on Corporate Governance

Royal Orchid, it's Subsidiaries and Joint Venture Companies as a group values and believes in excellence in Corporate Governance as a good corporate citizen and is committed to ethical corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit to its stakeholders and for it's long term success. Your Company believes in maintaining the highest standards of corporate governance, not only in form but also in substance.

Royal Orchid believes in highest levels of transparency, accountability and equity in all facets of its operations and in all its transactions with its stakeholders, including its Employees, Customers, Shareholders, Vendors, supporting agencies, Government, and society at large. The corporate governance philosophy of the Company has been further strengthened with the adoption of the Corporate Governance Charter and Code of Conduct, Whistle Blower Policy, CSR Policy, Code for Prohibition of Insider Trading and such other policies.

Corporate Governance philosophy is based on the following ideologies:

- Ensure transparency, high degree of disclosure, and good practices in our operations;
- Openness in communication externally and internally with all stakeholders;
- Maintain high standards of clean, healthy and safe environment;
- Institutionalize Corporate Governance at all levels within the Company with best practices, policies and procedures;
- Act in the spirit of the law and not merely the letter of the law.



THE 4 TIER GOVERNANCE STRUCTURE AT ROYAL ORCHID

Corporate Governance philosophy is put into practice at Royal Orchid through the following four layers, namely,

- ❖ Governance by Board of Directors,
- ❖ Governance by Sub-committees of Board of Directors,
- ❖ Governance through Management process, and
- ❖ Governance to Shareholders.

1. The Shareholders appoint the Board of Directors and authorizes the Board to conduct the business and ensure accountability to all the stakeholders.
2. The Board of Directors is responsible for the vision, strategy and good governance of the Company. The Board ensures good returns to the Stakeholders through strategic management.
3. The Committees of the Board are responsible to set governance policies and principles and overview the internal controls of the Company.
4. The Executive Management, appointed by the Board is responsible for day to day management of the Company in line with the strategies and principles set by the Board.

Corporate Governance Report

I. Governance by Board

1. Board of Directors

I.1 Composition of Board of Directors

Good Corporate Governance starts at the top, with the Board of Directors of the Company which consists of a balanced mix of Executive and Non-executive Directors spearheaded by Mr. C.K. Baljee, Managing Director. The composition of the Board consists of a fine blend of professionals from diverse backgrounds which enables the Board to discharge its responsibilities more efficiently and provide effective leadership by taking the Company's business to achieve greater heights.

As on March 31, 2015, the Board has five directors out of which two are Executive Directors and three are non-executive Independent Directors. In terms of Clause 49 of the Listing Agreement, the Board consists of at least half of the Board as Independent Directors.

Directorships and Committee Memberships held by Directors in companies other than Royal Orchid Hotels Limited as on March 31, 2015.

Name of the Director	Age (in years)	Position/ Designation	DIN	Date of appointment	Directorship in other public Companies	Position in committees of the Board of other Indian Public Companies*	
						As Chairman	As member
Mr. C. K. Baljee	64	Managing Director	00081844	03/01/1986	-	-	-
Mr. Sunil Sikka*	56	Whole-time Director	00083032	30/09/2000	1	-	-
Mr. R.V.S. Rao	71	Non-executive and Independent Director	00061599	27/08/2005	2	2	3
Mr. Vijay Rekhi	69	Non-executive and Independent Director	00191298	06/07/2011	-	-	-
Mr. K. Jairaj	63	Non-executive and Independent Director	01875126	05/08/2013	1	-	-

Notes:

1. Mrs. Sunita Baljee was appointed as an Additional Director w.e.f. April 01, 2015 as Woman Director in terms of SEBI Circular No. CIR/CFD/POLICYCELL/2/2014 dated April 7, 2014.
2. Mr. Sunil Sikka is a relative of Mr. C. K. Baljee and Mrs. Sunitha Baljee. None of the other Directors are related to each other.
3. Number of Directorship held in other companies includes all companies, whether listed or unlisted and excludes foreign companies, other bodies corporate and professional bodies. The limits on directorship of Independent Directors and Executive Directors are within the permissible limits.
4. The necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors, during the year under review. None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees across all Indian companies.
5. Independent Director means a Non-executive Director, who fulfils the criteria as laid down in Clause 49(II)(B)(1) of the Listing Agreement, Section 2 (47), Section 149(6) of Companies Act, 2013 and rules made thereunder.
6. The Company has issued a formal letter of appointment to its Independent Directors and the terms will be altered on Shareholders' approval and the said Letter will be published on the website of the Company. The maximum tenure of Independent Directors is in accordance with the Companies Act, 2013.
7. The Independent Directors of the Company met without the attendance of the Executive and Non-Executive Directors and members of the Management of the Company. The purpose of these meetings is to promote open and candid discussion among the Independent Directors.
8. * Mr. Sunil Sikka resigned as a Whole-time Director at the Board Meeting held on August 7, 2015 and will continue as a Non-executive Director.

I.2 Brief Profile of Board of Directors

Mr. C. K. Baljee, a Management Graduate from IIM, Ahmedabad, is the Founder Promoter and Managing Director of Royal Orchid Hotels. He has over four decades of experience in hospitality industry. He has been featured in the IIM Ahmedabad book "Stay Hungry Stay Foolish" which chronicles the rise of 25 entrepreneurs. He is a certified Hotel Administrator from American Hotel and Lodging Association (AH&LA).

Corporate Governance Report

Mr. R.V.S. Rao has a Bachelor's degree in Commerce from Mysore University and a Bachelor's degree in Law from Bangalore University. Mr. Rao has over 36 years of experience in the areas of banking and finance and was a member of the Board of Directors of the Housing Development Finance Corporation Limited. He is currently a senior advisor to a London-based hedge fund. As a United States Agency for International Development (USAID) Consultant, he was the team leader who reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He was also the team leader of the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. Mr. Rao is an associate of the Indian Institute of Bankers, Bombay and a life member of the All India Management Association.

Mr. Vijay K. Rekhi, is a Masters in Economics from Delhi School of Economics and an MBA from IIM, Ahmedabad served as the Managing Director of United Spirits Limited until April 19, 2011 and served as its President. Mr. Rekhi was associated with United Breweries for over 38 years including its Overseas operations and has vast experience in the manufacturing, marketing and general management, particularly in the liquor industry. He served as Regional Director of UB International Ltd and held vast experience in the manufacturing, marketing and general management, particularly in FMCG & Beverage Alcohol.

Mr. K. Jairaj, IAS of 1976 batch and is retired as Additional Chief Secretary of Karnataka. Mr. Jairaj's academic background is in economics, public policy and management. He has a B.A. honours degree from Bangalore university; M.A. Economics from the Delhi School of Economics, M.P.A., Woodrow Wilson School of Public and International Affairs, Princeton University and M.P.A., Kennedy School of Government, Harvard university, USA. He has held distinguished appointments in the infrastructure, energy, transport and urban development sectors including Additional Chief Secretary, Energy Department and Chairman, BESCOM; Managing Director, Bangalore International Airport Ltd; Managing Director, Karnataka Power Corporation Ltd; Managing Director, Karnataka State Road Transport Corporation; Commissioner, Bangalore City Corporation (Bruhat Bengaluru Mahanagara Palike) for two terms; Commissioner for Commercial Taxes and Principal Secretary to the Chief Minister.

Mr. Sunil Sikka holds a Post-Graduate Degree in Commerce and has vast experience in the Export Business.

Mrs. Sunita Baljee is a co-promoter of Royal Orchid Hotels Limited. Mrs. Baljee is Master in Business Administration from the University of Raipur. She is also on Board of other Subsidiaries and Associated Companies of Royal Orchid Hotels Limited. She had served as a Director of Royal Orchid Hotels for six years from September 1999 till July 2005.

I.3 Board Meetings

Scheduling of Board meetings and agenda fixation

The calendar of Board Meetings is decided in consultation with the Chairman and the Board and the schedule of such meetings is communicated to all the Directors in advance, to enable them to schedule their effective participation during Board Meetings.

As a system, information to Directors is submitted along with the agenda papers well in advance of the Board meeting. Inputs and feedback of Board members are taken in preparation of agenda and documents for the Board meeting.

Your Board met five times in the financial year 2014-15 on 26.04.2014, 29.05.2014, 13.08.2014, 21.10.2014 and 29.01.2015. The Annual General Meeting for the financial year 2013-14 was held on September 29, 2014.

The attendance at the Board Meetings during the year and at the Annual General Meeting is as below:

Name	Board Meeting		AGM Attendance
	Held	Attended	
Mr. C. K. Baljee	5	5	Yes
Mr. Sunil Sikka	5	2	Yes
Mr. R. V. S. Rao	5	5	Yes
Mr. Vijay K. Rekhi	5	3	Yes
Mr. K. Jairaj	5	4	Yes

Corporate Governance Report

I.4 Information provided to the Board and it's Committees

The Board has unrestricted access to all Company related information including that of our employees. At Board meetings, key executives who can provide additional insights into certain items are invited to participate. The items provided to the Board include, inter-alia the following:

- All matters as stated in Annexure– X under Clause 49 of the Listing Agreement;
- Annual operating plans and budgets including capital budgets and any updates thereof;
- Quarterly results for the Company and its subsidiaries, joint ventures and associates;
- The information on recruitment and remuneration of Key Managerial Personnel's, senior officers just below the Board level;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and any acquisitions;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant development on human resources front;
- Material risks affecting the Company's business and mitigation plans, where available;
- Sale of material nature of investments, subsidiaries and assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements as well as steps taken by the Company to rectify instances of non-compliances and
- Shareholders' services such as non-payment of dividend, delay in share transfer etc.

Post-meeting follow-up system

After the Board Meeting, we have a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and sub-committees of the Board.

I.5 Directors Shareholding in the Company as on March 31, 2015

Name of the Director	Designation	No. of Equity Shares held by the Directors	Percentage of holding (%)
Mr. C. K. Baljee	Managing Director	1,20,29,560	44.17
Mr. Sunil Sikka	Whole time Director	25,296	0.09
Mr. R. V. S. Rao	Independent and Non-executive Director	4,500	0.02
Mr. K. Jairaj	Independent and Non-executive Director	0	0.00
Mr. Vijay Rekhi	Independent and Non-executive Director	0	0.00

Note: Sunita Baljee is appointed as Additional Director w.e.f. April 01, 2015 and holds 226260 Equity Shares as on March 31, 2015.

I.6 Details of Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement:

Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Director proposed to be appointed / re-appointed is given as part of the Notice to Annual General Meeting.

a. Directors Retiring by Rotation:

Mr. Sunil Sikka is retiring by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

b. Proposal for appointment as Director:

Mrs. Sunita Baljee was appointed as Additional Director under Section 161 of the Companies Act, 2013 and is proposed to be appointed as Director at the ensuing Annual General Meeting.

c. Alter the term of office of Independent Directors:

Pursuant to the provisions of Section 149 (10) and 149 (11) and all other applicable provisions of the Companies Act, 2013 it is proposed to alter and regularize the terms of appointment of all Independent Directors at the ensuing Annual General Meeting and they shall continue to hold office of Independent Director upto September 30, 2016.

II. Governance by Board Committees

2. Committees of Board

The Board has constituted the following Committees and each Committee has their terms of reference as a Charter. The Chairman of each Committee along with the other Members of the Committee and if required other Members of the Board, decide the agenda, frequency and the duration of each meeting of that Committee. Currently, the Board has at the end of the year four Committees:

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Stakeholders Relationship Committee; and;
- d. Corporate Social Responsibility Committee.

2.1 Audit Committee –

Composition of Committee:

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement. The composition of the Committee is in compliance with the provisions of Section 171 of the Companies Act, 2013 and amendments of Clause 49 of Listing Agreement. Details of the Members of Audit Committee are given below:

Name of the Member	Position in the Board	Position in the Committee
Mr. R.V.S. Rao	Independent and Non-executive Director	Chairman
Mr. Vijay Rekhi	Independent and Non-executive Director	Member
Mr. K. Jairaj	Independent and Non-executive Director	Member

Note: The Company Secretary of the Company acts as the secretary for Audit Committee.

Terms of reference of the Audit Committee:

The Audit Committee of the Company looks into the following matters:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- iii. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 1. Any changes in accounting policies and practices.
 2. Major accounting entries based on exercise of judgment by management.
 3. Qualifications in draft audit report.
 4. Significant adjustments arising out of audit.
 5. The going concern assumption.

Corporate Governance Report

6. Compliance with accounting standards.
7. Compliance with stock exchange and legal requirements concerning the financial statements
8. Any related party transactions
- iv. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- v. Reviewing the Internal Audit Reports and discussion with internal auditors for any significant findings and follow up there on.
- vi. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to address any area of concern.
- vii. Reviewing the Company's financial and risk management policies.
- viii. Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc., of the candidate.

Meetings and Attendance of the Members of the Audit Committee:

During the financial year 2014-15, the Audit Committee has met 4 times, i.e., 29.05.2014, 13.08.2014, 21.10.2014 and 29.01.2015 and attendance of the members are given below:

Name	Audit Committee Meetings	
	Held	Attended
Mr. R. V. S. Rao	4	4
Mr. Vijay K. Rekhi	4	3
Mr. K. Jairaj	4	3

2.2 Nomination and Remuneration Committee –

Composition of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. Chairperson of the Company shall be an independent director.

The Remuneration Committee comprises of Mr. Vijay K. Rekhi, Mr. R. V. S. Rao and Mr. K. Jairaj, all Non-executive Independent Directors and is headed by Mr. Vijay K. Rekhi.

Name of the Member	Position in the Board	Position in the Committee
Mr. Vijay K. Rekhi	Independent and Non-executive Director	Chairman
Mr. R.V.S. Rao	Independent and Non-executive Director	Member
Mr. K. Jairaj	Independent and Non-executive Director	Member

The terms of reference of Nomination and Remuneration Committee has been detailed as part of Director's report

Meetings and Attendance of Members of Nomination and Remuneration Committee:

During the financial year 2014-15, the Nomination and Remuneration Committee has met 2 times, i.e., 29.05.2014 and 13.08.2014 and attendance of the members are given below:

Name	Nomination and Remuneration Committee Meetings	
	Held	Attended
Mr. R. V. S. Rao	2	2
Mr. Vijay K. Rekhi	2	1
Mr. K. Jairaj	2	1

Remuneration policy and criteria of making payments to Directors

The Nomination and Remuneration Committee recommends the remuneration, including the commission based on the net profits of the Company for the Directors and Senior Management Personnel. This recommendation is then approved by the Board and Shareholders for payment of remuneration to Executive Directors and Senior Management Personnel.

The remuneration paid to Managing Director is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance, and macro-economic review on remuneration packages of CEOs of other organizations. Perquisites and retirement benefits are paid according to the Company's policy as applicable to all employees.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as Independent Professionals/Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meetings of the Board and Board Committees.

During the year under review the independent directors were oriented on various provisions and compliances of new companies Act, 2013, amendments to listing agreements and, SEBI guidelines and Internal Financial Controls and Accounting Standards by Consultants and Statutory Auditors

Details of remuneration paid to the Directors for the year 2014-15

In accordance with the Central Government approval and the remuneration policy of the Company following are the details of remuneration to the Board:

(₹ In Lacs)

Sl. No.	Name of Director	Sitting fees(₹)	Salary (₹)	Commission (₹)
1.	Mr. C. K. Baljee	NIL	120.00	Nil
2.	Mr. Sunil Sikka	NIL	Nil	Nil
3.	Mr. R. V. S. Rao	2.60	Nil	Nil
4.	Mr. Vijay K. Rekhi	2.20	Nil	Nil
5.	Mr. K. Jairaj	1.60	Nil	Nil

*No stock options have been granted to any of the Executive Directors during the financial year 2014-15.

2.3 Stakeholders Relationship Committee –

Composition of Stakeholders Relationship Committee:

The Stakeholders Relationship Committee shall consist of three or more Directors. The Chairperson shall be a non-Executive director. The Company Secretary shall act as Secretary to this Committee. The Stakeholders Relationship Committee shall report to the Board.

The Committee is composed as per the Clause 49 of the Listing Agreement. The Stakeholders Relationship Committee comprises of Mr. C. K. Baljee, Mr. R. V. S. Rao and Mr. K. Jairaj, all Non-executive Independent Directors and is headed by Mr. K. Jairaj.

Name of the Member	Position in the Board	Position in the Committee
Mr. K. Jairaj	Independent and Non-executive Director	Chairman
Mr. R.V.S. Rao	Independent and Non-executive Director	Member
Mr. Chander K Baljee	Managing Director	Member

Corporate Governance Report

Terms of reference of Stakeholders Relationship Committee

The responsibilities of the Committee include redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends among others and sustenance of the stakeholders' relationship with the Company and redress the complaints of the security holders of the Company, if any. The Committee also monitors implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 (*erstwhile SEBI (Prohibition of Insider Trading) Regulations, 1992*). The stakeholders include shareholders, security holders, debenture holders, deposit holders etc.

The Stakeholders Relationship Committee shall:

- I. Ensure proper controls at Registrar and Share Transfer Agent;
- II. Look into the redressing of the shareholders complaints and queries;
- III. Review movement in shareholdings and ownership structure;
- IV. To approve issue of duplicate certificates and oversees and reviews all matters connected with transfer and transmission of securities of the Company.
- v. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer and transmission of shares, non receipt of Balance Sheet, non-receipt of declared dividend, etc.
- vi. The Committee oversees performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

Meetings and Attendance of members of Stakeholders Relationship Committee

The Chairman calls the Committee meeting as and when required. Minutes of every meeting shall be maintained. The quorum of the meetings shall be one third of the total strength or two Directors whichever is more. During the financial year 2014-15, the Stakeholders Relationship Committee has met 2 times, i.e., 29.05.2014 and 13.08.2014 and attendance of the members are given below:

Name	Stakeholders Relationship Committee Meetings	
	Held	Attended
Mr. K. Jairaj	2	1
Mr. R.V.S. Rao	2	2
Mr. C. K. Baljee	2	2

The Registrar and Share Transfer Agents of the Company, Integrated Enterprises (India) Limited, have sufficient infrastructure to process and resolve these complaints.

No. of shareholders' complaints received during the year	No. of complaints not resolved to the satisfaction of shareholders during the year	No. of pending complaints during the year
NIL	NIL	NIL

2.4 Corporate Social Responsibility Committee:

The Company has adopted a CSR policy and is taking all initiatives in this regard.

Composition of CSR Committee:

The Company has constituted a committee of the Board to be known as Corporate Social Responsibility Committee. The primary role of the Committee is to review the Group's Corporate Social Responsibility Programme and to monitor performance against agreed targets. The Human Resource head shall act as the Secretary of the Committee.

The members are appointed by the Board. The Committee consists of three members, who are nominated by the Board from time to time and atleast one is Non-Executive Independent Director of the Company.

Name of the Member	Position in the Board	Position in the Committee
Mr. Vijay K. Rekhi	Independent and Non-Executive Director	Chairman
Mr. Chander K Baljee	Managing Director	Member
Mr. Sunil Sikka	Whole - time Director	Member

Note: The VP-HR, Admin and IT of the Company is secretary of the Committee.

The Company has met once during the year on August 13, 2015 and all members attended the meeting.

Terms of reference of CSR Committee

The terms of reference of the CSR Committee is to formulate CSR Policy and to undertake CSR initiatives in accordance with Section 135 read with Schedule VII to the Companies Act, 2013 and Companies (Corporate Social Responsibility Policies) Rules, 2014 and the extracts of terms of reference of the committee has been detailed in Director's report.

III. Governance through Management Process

Empowerment and Control:

Royal Orchid's Board believes that it is essential for effective corporate governance, management must have the freedom to drive the business forward. The Board believes in this principle and has vested the decision-making powers at the most appropriate levels in the organizational hierarchy. It is the core principle of corporate governance that while the Board of Directors are accountable to the shareholders, the management is accountable to the Board. With an optimum combination of the empowerment with accountability, it would lead to improved effectiveness, thereby enhancing shareholder value. The aforesaid would not yield any results without adequate control which is necessary and thus freedom of management should be exercised within a framework of appropriate checks and balances. Control should prevent misuse of power, facilitate timely management response to change, and ensure that business risks are pre-emptively and effectively managed.

Risk Management

Your company has a well established risk management process and framework for all hotels and managed properties across India and overseas.

The Audit Committee reviews the risks relevant to the business including changes in key regulations or political risks, competitor activities, economic or business risks, strategic acquisitions, attrition risk, health and safety. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk, employee, guest, asset safety and safety of community and to establish a prevention system to safeguard the future.

Environment Initiatives

We have constantly given high priority to social concerns. We continually strive towards sustainable development by trying to find a balance between the needs of our customers and responsible care for the environment. We are committed to protect and promote the environment. We have a well-defined Environment Policy and all our units have proper environmental management system in place. The several initiatives taken are given in the Directors Report.

IV. Governance to Shareholders

4.1 General Body Meetings

Annual General Meeting for the year 2014-15 is scheduled to be held on Tuesday, September 29, 2015 at 11.00 a.m.. The meeting will be conducted at the Registered Office of the Company.

The facility to appoint a proxy to represent the members at the meeting is also available for the members who would be unable to attend the meeting. You are required to fill a proxy form and send it to us latest by September 27, 2015 before 11.00 a.m.

Corporate Governance Report

Annual General Meetings

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2011-12	26.09.2012	11.00 a.m.	Registered Office	Appointment of Mr. Sunil Sikka as Whole-Time Director for a period of 5 years, commencing from 08.08.2012 and ending on 07.08.2017
2012-13	30.09.2013	11.00 a.m.	Registered Office	Appointment of Mr. K. Jairaj as Director w.e.f. August 05, 2013
2013-14	29.09.2014	11.00 a.m.	Registered Office	<ul style="list-style-type: none"> - Re-approval of payment of remuneration to Mr. C. K. Baljee for the year 2014-15 - Re-appointment of Mr. C. K. Baljee as Managing Director for period of five years w.e.f. April 01, 2015 to March 31, 2020 and to approve remuneration - Approval of ESOP Scheme – 2014

Extraordinary General Meeting

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2011-12	No Extraordinary General Meeting was conducted during last three years			
2012-13				
2013-14				

E-Voting /Postal Ballot voting pattern, procedure and result

During the year under review, at the AGM the Company passed the Resolutions through E-Voting system through CDSL/Postal Ballot.

The result of the E-voting, postal ballot is details in Scrutinizers' Report MGT – 13 as displayed on our website (<http://www.royalorchidhotels.com/pdfs/scrutinizer-report.pdf>).

Resolution No.	No. of E-votes/ postal ballots in favour	Total Votes cast in favour of Resolution	No. of E-votes/ postal ballots against	Votes cast against the Resolution	Percentage of votes in favour of total votes
1.	19	19347251	3	1663	99.99%
2.	17	19345250	5	3664	99.97%
3.	18	19345226	4	3663	99.97%
4.	18	19345251	4	3663	99.97%
5.	17	19345226	5	3688	99.97%
6.	17	19345225	5	3664	99.97%

The result of the Postal Ballot was announced on September 29, 2014. After declaration, the result was communicated to the stock exchanges and also posted on the Company's Website.

Scrutinizer:

Mr. G. Shanker Prasad, Practising Company Secretary, Bangalore was appointed as Scrutinizer for conducting the e-voting / postal ballot process.

4.2 Disclosures:

- a. **Related Party Transaction:** *Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.*

There were no transactions of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc., that have potential conflict with the interests of the company.

- b. **Statutory compliances, penalties:** *Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.*

Corporate Governance Report

There were neither any instance of non compliances nor have any penalties/strictures been imposed by any stock exchange or SEBI or any statutory authority or any other matter related to capital markets during the last three years.

- c. **Whistle Blower Policy:** *Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee.*

Royal Orchid Hotels Limited and its subsidiaries (collectively referred to as “the Company” or “ROHL”) are committed to the highest standards of transparency, professionalism, honesty, integrity, ethical behavior and accountability in conducting its business. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about alleged wrongful conduct, including unethical behavior, financial irregularities, sexual harassment, infringement and misuse of property. It also provides protection against victimization of employees who avail of the mechanism and also allows direct access to the Audit Committee. The policy is displayed on the intranet of the Company.

- d. **Compliance with mandatory and non-mandatory requirements under Clause 49 of the Listing Agreement:**

The Company has disclosed all the mandatory requirements under Clause 49 of the Listing Agreement.

- e. **Means of Communication:**

1	Quarterly results	The Quarterly unaudited financials of the company are published in news papers and also on the Company's website.
2	Newspapers in which results are normally published	The Financial Express & Vijayavani
3	Company's Website	http://www.royalorchidhotels.com Quarterly and Annual financial statements, Annual Reports, Shareholding Pattern of the company, Corporate Governance Report under Clause 49, AGM Notice, Scrutinizers' Report and other substantial information are posted on the Company's Website regularly under Investors (www.royalorchidhotels.com/common/about-ro-financials.asp)
4	Whether website also displays official News Releases and the presentations made to Institutional Investors or to the analysts	The official news releases are also displayed on the website of the Company

- f. **Unclaimed Dividends:**

Under the provisions of the Companies Act, 2013, dividends that are unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government along with interest and shares in respect of which unclaimed dividend has been transferred. The details of the unclaimed dividend along with the due date for transfer to Investor Education and Protection Fund is given hereunder:

Financial Year	Dividend declared (%)	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed Dividend amount (₹)	Due date for transfer to IEPF
2007-08	60	28.07.2008	03.08.2015	3,80,472/-	02.09.2015
2008-09	15	10.09.2009	16.09.2016	1,75,315/-	15.10.2016
2009-10	NIL	NA	NA	NA	NA
2010-11	15	05.09.2011	12.09.2018	1,45,509/-	11.10.2018
2011-12	NIL	NA	NA	NA	NA
2012-13	NIL	NA	NA	NA	NA
2013-14	NIL	NA	NA	NA	NA

Corporate Governance Report

Shareholders who have not yet claimed the dividends as mentioned above are requested to contact the Secretarial Department (e-mail ID: cosec@royalorchidhotels.com) at the Registered Office of the Company.

During the year 2014-15 the Company has transferred an amount of ₹ 226,536/- being unclaimed amount to the General Revenue Account / Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956.

g. Compliance with Clause 47(f) of the Listing Agreement:

In compliance with the provisions of Clause 47(f) of the Listing Agreement, a separate designated e-mail ID investors@royalorchidhotels.com operates as a dedicated ID solely for the purpose of registering investor complaints.

h. Compliance Certificate of Corporate Governance:

The Company has obtained a Certificate from the Company Secretary in whole-time Practice regarding compliances as stipulated in Clause 49 of the Listing Agreement. The Certificate is appended as **Annexure – A**.

i. Declaration on Compliance with Code of Conduct of the Company:

Pursuant to Clause 49(II)(E) all Board Members and Senior Management personnel shall affirm Compliance with code on annual basis. Company has obtained a Certificate from the Managing Director regarding compliances as stipulated in Clause 49(II)(E) of the Listing Agreement. The Certificate is appended as **Annexure – B**.

j. Information pursuant to Clause 49(VIII)(E)(1) of the Listing Agreement

Information pursuant to Clause 49(VIII)(E)(1) of the Listing Agreement pertaining to particulars of the Director to be re-appointed at the forthcoming Annual General Meeting is enclosed as an Appendix to the Notice convening the Annual General Meeting.

k. CEO/CFO Certification:

Pursuant to Clause 49(IX) Managing Director and the Chief Financial Officer of the Company shall certify to the Board the provisions stipulated herein. The Company has obtained a Certificate from the Managing Director and the CFO, appended as **Annexure – C**.

l. Reconciliation of Share Capital Audit:

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Certificate issued by the Company Secretary in Whole-time Practice in regard to the same is submitted to BSE Limited and NSE Limited and is also placed before the Board of Directors.

m. Subsidiary

The Company has 13 Indian Subsidiaries and 1 foreign subsidiary for the year ended 31st March, 2015. One of the Independent Directors of the Company is also on the Board of two Subsidiary Companies.

4.3 General Shareholder Information

Annual General Meeting:

Date : Tuesday, September 29, 2015
Time : 11.00 a.m.
Venue : **Hotel Royal Orchid**
No. 1, Golf Avenue, Adjoining KGA Golf Course,
HAL Airport Road, Bengaluru - 560 008

Financial Calendar:

Financial Year:	2014-15
Book Closures Dates:	Monday, September 21, 2015 to Tuesday, September 29, 2015
Cut-off date for the purpose of remote E- voting	Tuesday, September 22, 2015
Dividend Declaration:	No Dividend is to be declared
Exchange on which Equity Shares are listed:	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051 The Bombay Stock Exchange Limited Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai – 400 001

Financial Reporting (held and tentative)

For the quarter ended 30.06.2015	August 2015
For the quarter ending 30.09.2015	November 2015
For the quarter ending 31.12.2015	February 2016
For the quarter ending 31.03.2016	May 2016

Listing fees for the year ending 2014-15 have been paid to both the Stock Exchanges where shares are listed.

Scrip Code:

Particulars	Scrip Code
The National Stock Exchange of India Limited	ROHLTD
The Bombay Stock Exchange Limited	532699
ISIN Numbers in NSDL & CDSL	INE283H01019

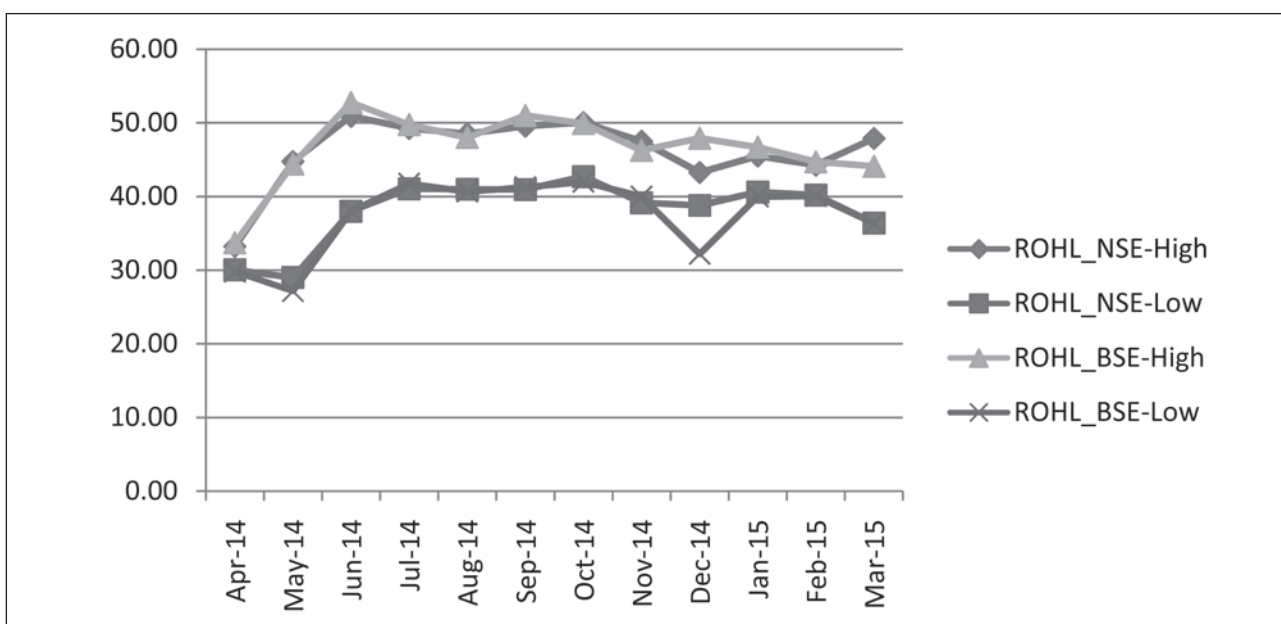
Market Price Data

The Equity Shares of the Company were listed with Stock Exchanges on February 06, 2006. The following is the data of high and low closing quotations of Equity Shares of the Company during April 2014 to March 2015.

Month	National Stock Exchange (NSE)		Bombay Stock Exchange (BSE)	
	ROHL_NSE-High	ROHL_NSE-Low	ROHL_BSE-High	ROHL_BSE-Low
Apr-14	33.20	30.05	33.70	29.80
May-14	44.75	29.00	44.40	27.15
Jun-14	50.90	38.00	52.75	38.00
Jul-14	49.25	41.05	49.75	41.75
Aug-14	48.50	41.00	48.00	40.65
Sep-14	49.55	40.95	51.00	41.25
Oct-14	50.05	42.70	49.90	42.00
Nov-14	47.50	39.15	46.25	40.00
Dec-14	43.25	38.80	47.90	32.20
Jan-15	45.50	40.60	46.70	40.00
Feb-15	44.25	40.20	44.70	40.05
Mar-15	47.90	36.40	44.10	36.35

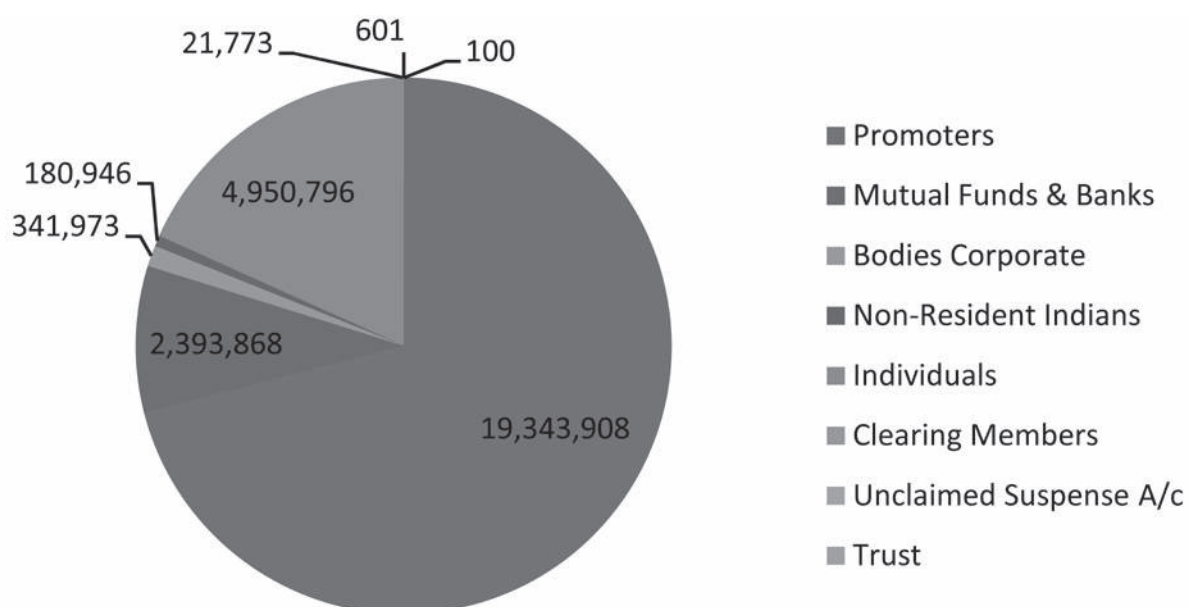
(Source: www.nseindia.com and www.bseindia.com)

Corporate Governance Report



Distribution of Shareholding as on March 31, 2015

Category	No of shares held	% to Paid up capital
Promoters	1,93,43,908	71.03
Mutual Funds & Banks	23,93,868	8.79
Bodies Corporate	3,41,973	1.26
Non-Resident Indians	1,80,946	0.66
Individuals	49,50,796	18.18
Clearing Members	21,773	0.08
Unclaimed Suspense A/c	601	0.002
Trust	100	0.000
TOTAL	27,233,965	100.00



Distribution Schedule as on March 31, 2015

Category	No. of Members	% of Total	Amount	% of Total
Upto 5000	16099	91.32	1,56,44,270	5.74
5001 - 10,000	773	4.38	61,75,030	2.27
10,001 - 20,000	365	2.07	55,43,360	2.04
20,001 - 3,000	135	0.77	33,69,410	1.24
30,001 - 40,000	64	0.36	23,02,430	0.85
40,001 - 50,000	41	0.23	19,15,780	0.70
50,001 - 1,00,000	85	0.48	62,86,640	2.31
1,00,001 and above	68	0.39	23,11,02,730	84.86
Total	17630	100	27,23,39,650	100

Top ten shareholders of the Company (excluding promoters) as on March 31, 2015

Sl. No.	Name of Shareholder	No. of Shares
1	SBI Contra Fund	23,43,868
2	K. Lakshmi Kant Reddy	1,32,754
3	Rahul Goenka	95,000
4	Sampath Reddy Baddam	66,649
5	Jaithirth Rao	64,895
6	Rajesh Kumar Agarwal	53,801
7	SBI Magnum Children's Benefit Plan	50,000
8	Pranav Parekh	49,144
9	Maple Vyapaar Pvt Ltd	42,800
10	Vivek	40,000

Dematerialization of Shares and Liquidity

The Company's shares are available for dematerialization with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). About 99.78% of the paid-up equity share capital of the Company has been dematerialized as on March 31, 2015.

Description	No. of Shareholders	No. of shares	% of Equity
Physical	90	60819	0.22%
CDSL	4568	1142921	4.20%
NSDL	12972	26030225	95.58%
Total	17630	2,72,33,965	100.00%

The share certificates in physical form are generally processed and returned within 15 days from the date of receipt, if the share transfer documents are valid in all respects.

Registrar & Share Transfer Agent

Integrated Enterprise (India) Limited
 30, Ramana Residency,
 4th Cross, Sampige Road, Malleswaram,
 Bengaluru – 560 003
 Tel No. 080 - 23460815 – 818
 Fax No. 080 – 23460819, E-mail ID: alfint@vsnl.com

*Note: Shareholders holding shares in electronic mode should address all correspondence to their respective **Depository Participants**.*

Hotels & Resorts Locations:

The Hotel Locations consisting of address and other contact details have been provided separately in this Annual Report and also available at <http://www.royalorchidhotels.com/common/contact-hc.asp>

Corporate Governance Report

Address for Correspondence:

Mr. Sudhir Anand
Company Secretary & Compliance Officer
Royal Orchid Hotels Limited
No. 1, Golf Avenue, Adjoining KGA Golf Course
Bengaluru – 560 008
Tel No. 080 - 41783000
Fax No. 080 - 2520 3366
E-mail ID: cosec@royalorchidhotels.com/co.secretary@royalorchidhotels.com

Annexure – A

Certificate on Corporate Governance

To the Members of Royal Orchid Hotels Limited

I have reviewed the compliance of conditions of corporate governance by **Royal Orchid Hotels Limited** (“the Company”), for the year ended on 31 March 2015, as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru
Date : May 28, 2015

G SHANKER PRASAD
Practicing Company Secretary
C. P. No. – 6450

Annexure – B

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding Compliance with Code of Conduct

In accordance with Clause 49(I)(E) of the Listing Agreement with the Stock Exchange, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with Code of Conduct, as applicable to them, for the financial year ended on March 31, 2015.

Place : Bengaluru
Date : May 28, 2015

C. K. Baljee
Managing Director

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

(Pursuant to Clause 49(IX) of Listing Agreement)

The Board of Directors

Royal Orchid Hotels Limited

We, Chander K Baljee, Managing Director and Mr. Amit Jaiswal, Chief Financial Officer, to the best of our knowledge and belief, certify that:

1. *We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015:*
 - a. *These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*
 - b. *These statements together present, in all material respects, a true and fair view of the Company's affairs, the financial condition and results of operations and are in compliance with applicable accounting standards, laws and regulations.*
2. *There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.*
3. *We are responsible for establishing and maintaining internal controls over financial reporting by the Company and we have:*
 - a. *Designed such controls to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others;*
 - b. *Designed or caused to be designed, such internal control systems over financial reporting, so as to provide reasonable assurance regarding the preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India; and*
 - c. *Evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.*
4. *During the year, we have disclosed to the Company's Auditors and the Audit Committee of the Board of Directors:*
 - a. *Any change, that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting;*
 - b. *Any significant changes in accounting policies during the year, and that the same have been disclosed appropriately in the notes to the financial statements;*
 - c. *Instances of significant fraud, if any, that we are aware especially, if any, Member of management or employee involved in financial reporting related process. No such instances were noticed during the year 2014-15;*
 - d. *All significant changes and deficiencies, if any, in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data; and*
 - e. *Any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.*
5. *In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive which was inflated on account of such mistakes or omissions.*
6. *We affirm that we have not denied any employee, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.*
7. *We further declare that, all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the current year.*

Bengaluru
May 28, 2015

Chander K Baljee
Managing Director

Amit Jaiswal
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT



To the Members of Royal Orchid Hotels Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Royal Orchid Hotels Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 2 of the financial statements wherein the management has explained its reasons for preparing the financial statements on a going concern basis. As at 31 March 2015, the Company's current liabilities exceeded its current assets by ₹ 93.98 million. Further, the Company is committed to provide necessary financial and operating support to certain Joint Venture entities and subsidiaries. These conditions along with matters set forth in the said note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. the matter described in paragraph 10 under the Emphasis of Matters paragraph, in our opinion, may have an adverse effect on the functioning of the Company
 - f. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in note 26 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Banthia**
Partner
Membership No.: 061068

Place: Bengaluru
Date: 30 May 2015

Annexure to Independent Auditors' Report

Annexure to the Independent Auditors' Report of even date to the members of Royal Orchid Hotels Limited, on the financial statements for the year ended 31 March, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted unsecured loans to eight wholly owned subsidiaries covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, receipt of the principal amount is regular. *However, the receipt of interest, where applicable, is not regular; and*
 - (b) there is no overdue amount in respect of loans granted to such companies, firms or other parties as the same are repayable on demand.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/services. Accordingly, the provisions of Clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including employees' state insurance, value added tax, and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, *except for income tax, service tax, provident fund, professional tax, luxury tax as applicable which have not been regularly deposited with the appropriate authorities and there have been delays (ranging upto 173 days in each individual cases) in many cases.*
Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable pertain to taxes deducted at source under Income-tax Act, 1961 amounting to ₹ 74,015 (for months of April 2013 - August 2013 that were due on 7th of the following month), luxury taxes under Delhi Tax on Luxuries Act, 1996 amounting to ₹ 3,450,154 (for months of November 2012 - March 2013 that were due on 20th of the following month) and value added taxes under Delhi Value Added Tax Act, 2004 amounting to ₹ 8,179,328 (for months of April 2012 - March 2013 that were due on 20th of the following month).
 - (b) *Disputed statutory dues amounting to ₹198.74 lakhs in respect of income-tax matters under the Income tax Act, 1961 pertaining to fiscal year ended 31 March, 2011 is pending with the Commissioner of Income tax – Appeals.*
 - (c) The Company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under within the specified time.
- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year; *however it had incurred cash losses in the immediately preceding financial year.*
- (ix) There are no dues payable to debenture-holders. The Company has generally not defaulted in repayment of principal and interest amounts due to any bank or financial institution during the year.
- (x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Banthia**

Partner

Membership No.: 061068

Place: Bengaluru

Date: 30 May 2015

Balance Sheet as at 31 March 2015

	Notes	As at 31 March 2015 ₹	As at 31 March 2014 ₹
Equity and Liabilities			
Shareholders' funds			
Share capital	4	272,339,650	272,339,650
Reserves and surplus	5	1,596,473,123	1,523,779,114
		1,868,812,773	1,796,118,764
Non-current liabilities			
Long-term borrowings	6	362,855,511	351,744,513
Deferred tax liability, net	7	-	-
Long-term provisions	8	11,662,489	11,055,101
		374,518,000	362,799,614
Current liabilities			
Short-term borrowings	6	15,166,140	107,702,626
Trade payables	9	93,086,084	108,254,144
Other current liabilities	9	231,438,262	254,284,012
Short-term provisions	8	9,223,929	8,920,855
		348,914,415	479,171,637
Total		2,592,245,188	2,638,090,015
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	328,962,701	373,761,572
Intangible assets	11	-	-
Capital work-in-progress		18,114,944	2,347,235
Non-current investments	12	1,546,962,019	1,048,136,632
Long-term loans and advances	13	443,267,917	726,571,626
		2,337,307,581	2,150,817,065
Current assets			
Inventories	14	11,233,087	12,075,716
Trade receivables	15	117,146,051	82,550,413
Cash and bank balances	16	76,690,815	334,099,319
Short-term loans and advances	13	44,651,721	51,937,938
Other current assets (unbilled revenue)		5,215,933	6,609,564
		254,937,607	487,272,950
Total		2,592,245,188	2,638,090,015
Summary of significant accounting policies	3		
The accompanying notes are integral part of the financial statements.			

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

Statement of Profit and Loss for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
Revenue			
Revenue from operations	17	846,294,945	836,497,144
Other income	18	106,466,056	87,343,360
Total revenue		952,761,001	923,840,504
Expenses			
Food and beverages consumed	19	115,280,464	107,356,678
Employee benefits expense	20	196,712,074	177,830,268
Finance costs	21	69,963,980	73,393,173
Depreciation and amortisation	22	43,963,231	41,198,456
Other expenses	23	437,082,913	458,826,464
Total expenses		863,002,662	858,605,039
Profit before tax from continuing operations		89,758,339	65,235,465
Tax expense			
Current tax		18,300,000	-
Deferred tax credit		-	(44,080,295)
Minimum alternative tax credit		(18,300,000)	-
		-	(44,080,295)
Profit after tax from continuing operations		89,758,339	109,315,760
Loss from discontinuing operations	36		
Loss from discontinuing operations		-	(245,662,209)
Loss on sale of unit		-	(132,940,165)
		-	(378,602,374)
Profit/(Loss) for the year		89,758,339	(269,286,614)
Earnings per equity share of ₹10 each	24		
Basic/Diluted		3.30	(9.89)
Summary of significant accounting policies	3		
The accompanying notes are integral part of the financial statements.			

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

Cash Flow Statement for the year ended 31 March 2015

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
A. Cash flow from operating activities		
Net profit before tax	89,758,339	(313,366,909)
Adjustments for:		
Depreciation and amortisation	43,963,231	154,556,872
Assets written off	-	10,033,121
Loss on sale of unit	-	132,940,165
Dividend income	-	(5,059,525)
Interest income	(75,688,331)	(56,270,068)
Interest expense, net	63,245,471	206,853,068
Loss/(Gain) on sale of tangible assets	117,699	(163,415)
Liability no longer required, written back	-	(1,699,221)
Provision for doubtful debts	255,622	3,114,907
Provision for doubtful advances/deposit	-	4,784,777
Advances written off	-	1,666,571
Investment written off	-	17,602,000
Operating profit before working capital changes	121,652,031	154,992,343
Changes in working capital:		
Increase in provisions	910,462	783,492
Increase/(Decrease) in trade payables and other liabilities	37,499,986	(135,670,988)
(Increase)/Decrease in trade receivables and unbilled revenue	(33,457,629)	6,940,913
Decrease in inventories	842,629	2,748,285
Decrease in loans and advances	22,869,332	13,567,066
Cash generated from operations	150,316,810	43,361,111
Direct taxes paid	19,282,071	5,280,999
Net cash generated from operating activities	131,034,739	38,080,112
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(32,114,098)	(103,642,238)
Sale of fixed assets	-	1,791,108,979
Interest received	13,539,759	19,515,279
Dividend received	-	5,059,525
Change in project advances	3,059,832	15,132,582
Investment in debentures of subsidiaries and a joint venture	(114,549,128)	-
Loans given to subsidiaries	(32,872,094)	(124,752,393)
Loans repaid by subsidiaries	4,641,581	3,500,000
Loans given to joint venture	-	(66,000,000)
Conversion of loan to investment	-	(15,000,000)
Change in other bank balances	(483,586)	(15,259,292)
Net cash (used in)/generated from investing activities	(158,777,734)	1,509,662,442

Cash Flow Statement for the year ended 31 March 2015 (Contd.)

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
C. Cash flows from financing activities		
Interest paid, net of capitalised interest	(69,762,226)	(199,424,717)
Proceeds from borrowings	389,135,825	-
Repayment of secured borrowings	(446,578,797)	(1,108,680,686)
Change in unclaimed dividend account	(226,536)	(317,655)
Repayment of unsecured borrowings	(52,500,000)	(202,534)
Change in bank overdraft, net	(40,036,486)	1,650,942
Net cash used in financing activities	(219,968,220)	(1,306,974,650)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(247,711,215)	240,767,904
Cash and cash equivalents at the beginning of the year	317,319,027	76,551,123
Cash and cash equivalents at the end of the year	59,653,473	317,319,027

Note:

The Company considers all highly liquid investments with a remaining maturity, at the date of purchase/investment, of three months or less to be cash equivalents.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

**For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited**

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

Notes to the financial statements for the year ended 31 March 2015

1) Background

Royal Orchid Hotels Limited ('the Company') is a public company and is domiciled in India. The Company was incorporated in 1986. The shares of the Company are listed on Bombay and National stock exchange in India. The Company is engaged in the business of operating and managing hotels/ resorts and providing related services, through its portfolio of hotel properties across the country.

2) Operational outlook

The management is optimistic of improving the operating cash flows for the Company and certain of its subsidiaries and jointly controlled entities through restructuring of debt, cost synergies, exploring avenues of enhancing revenues, disposing off loss making businesses, equity infusion by joint venture partners/ minority shareholders etc., although the Company's current liabilities exceeded its current assets by ₹ 93,976,808. Further, the Company is committed to provide financial and operational support to certain jointly controlled entities and subsidiaries that incurred cash losses during the year ended 31 March 2015. These measures are expected to result in sustainable cash flows and accordingly the standalone financial statement continue to be presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

3) Summary of significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, impairment of investments in subsidiaries and jointly controlled entities, provision for doubtful receivable, provision for employee benefits and provision for income and deferred taxes.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from services

Revenues comprise income from the sale of room nights, food, beverages and allied services during a guest's stay at the hotel. Room revenue is recognised based on occupation and revenue from sale of food, beverages and other allied services, as and when services are rendered. Other revenues are recognised as and when the services are performed or the right to receive the claim is established, with reasonable certainty for ultimate collection.

Income from management and technical services are recognised as the services are rendered based on the terms of the contract.

Unbilled revenues represent revenues recognised which have not been billed to the customers at the Balance Sheet date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.

d) Tangible assets

Fixed assets are stated at the cost less accumulated depreciation and impairment losses, if any. The cost of comprises purchase price and other costs directly attributable to bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Notes to the financial statements for the year ended 31 March 2015

3) Summary of significant accounting policies (Cont'd)

d) Tangible assets (Cont'd)

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as `capital advances` under long-term loans and advances. The cost incurred towards fixed assets, but not ready for their intended use before each Balance Sheet date is disclosed as `capital work-in-progress`, if any.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

e) Depreciation and amortisation

Depreciation on fixed assets is calculated on the straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets, as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013.

Leasehold building (including improvements) is amortised on a straight line basis over the period of the lease.

Asset category	Useful Life (years)
Plant and equipment	15
Furniture and fixtures	8
Vehicles	6
Office equipment	5
Computer equipment	3

f) Borrowing costs

Borrowings costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of respective assets. All other borrowing cost are expensed in the period they occur. The Company continues to capitalise the borrowing costs during the period of temporary suspension on account of delay in technical and administrative work.

g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year. Impairment losses of continuing operations are recognized in the Statement of Consolidated Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the statement of Profit and Loss.

h) Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

On disposal of an investment, the difference between the carrying value and net disposal proceeds is charged or credited to the statement of Profit and Loss.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

3) Summary of significant accounting policies (Cont'd)

i) Inventory

Inventory comprises food, beverages, stores and spare parts and are valued at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the goods to their present location and condition and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

j) Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k) Leases

Where the Company leases land and buildings along with related assets as a part of a combined lease arrangement, the Company determines whether these assets acquired are integral to the land and building. If these assets are integral, the Company analyses the nature of the lease arrangement on a combined basis for all assets. If the assets are not integral to the land and building, the Company evaluates each asset individually, to determine the nature of the lease.

Finance leases

Leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of the leased property and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

l) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits "AS 15".

Provident fund

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of Profit and Loss in the year in which such gains or losses arises.

Notes to the financial statements for the year ended 31 March 2015

3) Summary of significant accounting policies (Cont'd)

l) Employee benefits (Cont'd)

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the Balance Sheet date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liabilities.

m) Tax expense

Current tax

Provision is made for income tax under the tax payable method based on the liability computed after taking credit for deductions, allowances and exemptions as per the relevant tax regulations.

Minimum Alternate Tax

Minimum alternate tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably/virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

n) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the year attributable to the equity shareholders' and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o) Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

q) Cash and cash equivalents

The Company considers all highly liquid investments with a remaining maturity, at the date of purchase/investment, of three months or less to be cash equivalents.

Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015		As at 31 March 2014	
	Number	Amounts ₹	Number	Amounts ₹
4. Share Capital				
Authorised share capital				
Equity shares of ₹ 10 each	50,000,000	500,000,000	50,000,000	500,000,000
	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	27,233,965	272,339,650	27,233,965	272,339,650
	27,233,965	272,339,650	27,233,965	272,339,650

a) There have been no changes in equity shares outstanding during the current and previous years.

b) Shareholders holding more than 5% of the shares of the Company

	As at 31 March 2015		As at 31 March 2014	
	Number	Amounts ₹	Number	Amounts ₹
Equity shares of ₹ 10 each				
Mr. Chander K Baljee	12,029,560	120,295,600	11,921,090	119,210,900
Baljees Hotels and Real Estates Private Limited	5,714,689	57,146,890	5,714,689	57,146,890
SBI Magnum Sector Funds Umbrella - Contra Fund	2,343,868	23,438,680	2,404,663	24,046,630
	20,088,117	200,881,170	20,040,442	200,404,420

c) Terms and rights attached to equity shares

The Company has one class of equity shares having a face value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2015. Further, the Company has not issued any shares without payment being received in cash.

Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
5. Reserves and surplus		
Foreign exchange earnings reserve	1,100,000	1,100,000
Securities premium account	1,130,684,095	1,130,684,095
General reserve	101,593,740	101,593,740
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	290,401,279	559,687,893
Add: Profit/(Loss) for the year	89,758,339	(269,286,614)
Less: Depreciation on fully used assets due to adoption of schedule II of the Companies Act, 2013	17,064,330	-
	363,095,288	290,401,279
	1,596,473,123	1,523,779,114

Note:

There has been no change in the foreign exchange earnings reserve, securities premium account and general reserve during the previous and current years.

	As at 31 March 2015		As at 31 March 2014	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
6. Borrowings				
Secured				
Indian rupee term loans				
From banks	383,744,825	-	334,299,429	-
From a financial institution	-	-	110,499,972	-
Vehicle loan	5,498,924	-	1,887,320	-
Bank overdraft	-	-	-	40,036,486
	389,243,749	-	446,686,721	40,036,486
Less: Current maturities of long term debt	(26,388,238)	-	(94,942,208)	-
	362,855,511	-	351,744,513	40,036,486
Unsecured				
From a subsidiary	-	4,666,140	-	4,666,140
From a director	-	2,500,000	-	5,000,000
From a body corporate	-	8,000,000	-	58,000,000
	-	15,166,140	-	67,666,140
	362,855,511	15,166,140	351,744,513	107,702,626

Notes:

I) Details of terms of repayment, guarantee and security for term loans from banks

- (i) The Company has availed a Indian Rupee term loan from Tourism Finance Corporation of India Limited (TFCIL) for ₹ 500 million during December 2014 towards repayment of existing term loans availed from banks/financial institution and for renovation of Hotel Royal Orchid, Bangalore ('the hotel').

The loan is secured by exclusive first charge on all the fixed assets of the hotel and mortgage of leasehold rights of land alongwith the hotel building, both present and future. Further, the loan is secured by a first charge by way of hypothecation of all the movables pertaining to the hotel. Additionally, the loan is secured by a personal guarantee of Mr. Chander K Baljee, Managing Director.

The term loan is repayable in 36 quarterly instalments commencing from 15 October 2015, which ranges from ₹ 12.5 million - ₹ 15.5 million and bear annual interest rate at TFCI Base Rate (currently at 12.75%) plus 1.25% i.e. 14%.

The term loan balance outstanding as at 31 March 2015 is ₹ 383.74 million.

Notes to the financial statements for the year ended 31 March 2015

- (ii) The Company was sanctioned term loans from State Bank of Hyderabad for ₹ 65 million and ₹ 129.50 million during April 2009 to finance repairs, renovation, refurbishment and maintenance for Hotel Ramada, Bangalore and Royal Orchid Central, Pune, respectively.

Pursuant to the Corporate Debt Restructuring, the above term loans had been rescheduled and were repayable in 18 quarterly instalments commencing from 30 June 2014 and bear interest rates ranging between 13% - 17.60%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 49.30 million).

- (iii) The Company was sanctioned a term loan from IDBI Bank Limited for ₹ 400 million during March 2010 to finance repairs, renovation, refurbishment and maintenance of pre existing hotels.

Pursuant to the Corporate Debt Restructuring, the term loan had been rescheduled and was repayable in 18 quarterly instalments commencing from 30 June 2014 and bear interest rates ranging between 13% - 16.25%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 285 million).

- (iv) The Company was sanctioned a term loan from Tourism Finance Corporation of India Limited for ₹ 250 million during July 2011 towards expansion in hospitality sector.

Pursuant to the Corporate Debt Restructuring, the term loan had been rescheduled and was repayable in 18 quarterly instalments commencing from 30 June 2014 and bear interest rates ranging between 13% - 15.50%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 110.49 million).

- (v) Bank overdraft, sanctioned by State Bank of Hyderabad for ₹ 40 million bearing an interest rate of 13.45% has been repaid during the year and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 40.04 million).

- (vi) The vehicle loans are secured by the hypothecation of the vehicles concerned and bear interest rate of 10-12% p.a. The aforesaid vehicle loan is repayable in monthly installments, commencing from July 2010 till July 2019.

- (vii) The unsecured loans are repayable on demand and bear interest rate of 18% p.a.

- (viii) The current portion of the secured loans where instalments are due within one year have been classified as "current maturities of long-term debt" under other current liabilities.

II) Corporate Debt Restructuring ("CDR")

The Company had executed a Corporate Debt Restructuring (CDR) scheme under the CDR mechanism of the Reserve Bank of India (RBI) during March 2013. In accordance with the approved CDR scheme, the Company executed a Master Restructuring Agreement (MRA) with the lenders on 28 March 2013, with an effective date of 01 October 2012. During December 2013, the Company had applied to the CDR cell for exiting the CDR scheme.

During the year, the Company has prepaid the existing term loans covered under CDR scheme amounting to ₹ 444.79 million. Accordingly, the Company has recorded a recompense fee of ₹ 1.64 million (31 March 2014: ₹ 10.08 million) towards closure of existing term loans accounts during the year and the balance outstanding thereto as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 6.78 million).

As at 31 March 2015, all the charges created against the existing term loans covered under CDR scheme stands released.

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
7. Deferred tax liability (net)		
Deferred tax liabilities on		
Depreciation and amortisation	34,304,730	38,948,933
	34,304,730	38,948,933
Deferred tax assets on		
Carry forward losses	20,277,599	25,316,308
Provision for employee benefits	7,920,140	7,722,720
Provision for doubtful debts	6,106,991	5,909,905
	34,304,730	38,948,933
	-	-

Notes to the financial statements for the year ended 31 March 2015

Note:

In view of unabsorbed depreciation and carry forward business losses under tax laws amounting to ₹ 134.14 million and ₹ 233.37 million respectively, the Company is unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard (AS) 22, Accounting for Taxes on Income. Accordingly, deferred tax asset is recognised to the extent of deferred tax liabilities as at 31 March 2015 as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset (net) can be realised.

	As at 31 March 2015		As at 31 March 2014	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
8. Provisions				
Employee benefits				
Gratuity	11,662,489	1,551,300	11,055,101	1,799,002
Compensated absences	-	7,672,629	-	7,121,853
	11,662,489	9,223,929	11,055,101	8,920,855

Employee benefits

Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment.

The Company has provided for the gratuity liability (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	12,854,103	11,902,877
Service cost	2,467,389	2,934,320
Interest cost	1,156,869	934,097
Actuarial (gain)/ loss	(3,264,572)	(1,873,735)
Benefits paid	-	(1,043,456)
Liability recognised in the Balance Sheet	13,213,789	12,854,103
Components of net gratuity costs are		
Service cost	2,467,389	2,934,320
Interest cost	1,156,869	934,097
Recognised net actuarial gain	(3,264,572)	(1,873,735)
Expense recognised in the Statement of Profit and Loss	359,686	1,994,682
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	13,213,789	12,854,103
Funded status of the plans	-	-
Liability recognised in the Balance Sheet	13,213,789	12,854,103
Assumptions used for Gratuity and Compensated absences		
Discount rate	7.80%	9.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Retirement age	55 years	55 years
Mortality rates (IAL: Indian Assured Lives Mortality (2006-08) modified Ult.)	100% of IAL	100% of IAL
The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.		

Notes to the financial statements for the year ended 31 March 2015

Experience adjustments:	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Defined Benefit Obligation	13,213,789	12,854,103	11,902,878	9,474,584	10,605,996
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	13,213,789	12,854,103	11,902,878	9,474,584	10,605,996
Experience adjustments on liabilities: gain/(loss)	4,766,395	808,278	1,338,610	3,509,509	343,434
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

As at 31 March 2015 ₹	As at 31 March 2014 ₹
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9. Trade payables and other current liabilities

Trade payables

Dues to micro enterprises and small enterprises (refer note (b))

Creditors

-	-
93,086,084	108,254,144
93,086,084	108,254,144

Other liabilities

Current maturities of long-term debt	26,388,238	94,942,208
Interest accrued and due on unsecured borrowings	6,166,605	5,010,532
Interest accrued and due on secured borrowings (including recompense fee)	-	10,175,055
Interest accrued and but not due on borrowings	2,502,227	-
Unclaimed dividends [refer note (a) below]	702,722	929,258
Security deposit received	3,393,209	3,393,209
Accrued expenses	40,053,986	33,085,168
Dues to employees	32,969,625	29,677,749
Statutory dues [refer note (c) below]		
TDS payable	3,489,538	4,698,644
Property tax payable	8,754,161	1,160,751
Others	25,241,598	18,508,780
Dues to related parties (refer note 28)	21,440,838	9,148,032
Advance received from customers	35,039,066	17,837,300
Book overdraft	15,436,114	14,500,632
Project creditors (including retention money payable)	1,492,656	1,492,656
Others (refer note 36)	8,367,679	9,734,038
	231,438,262	254,294,012

Note:

- The Company has transferred an amount of ₹ 226,536 (2014 : ₹ 317,505) to Investor Education and Protection Fund during the year.
- Based on the information available with the Company, there are no outstanding dues in respect of Micro, Small and Medium enterprises at the Balance Sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available to the Company. This has been relied upon by the auditors.
- The Company has undisputed statutory dues payable amounting to ₹11,703,497 which were outstanding at the year-end for a period of more than six months from the date they became payable as at 31 March 2015.

10 . Tangible assets

Amount in ₹

Notes to the financial statements for the year ended 31 March 2015

Particulars	Land (Freehold)	Leasehold buildings (including improvements)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
Gross Block								
Balance as at 01 April 2013	606,245,080	1,184,449,797	498,862,382	556,253,997	24,310,606	18,437,681	41,868,871	2,930,428,414
Additions	-	16,339,754	2,191,245	2,302,208	1,906,985	276,764	388,783	23,405,739
Disposals (refer note 36)	603,815,080	871,286,548	308,150,286	358,468,243	4,336,373	2,683,945	19,487,384	2,168,227,859
Balance as at 31 March 2014	2,430,000	329,503,003	192,903,341	200,087,962	21,881,218	16,030,500	22,770,270	785,606,294
Additions	-	560,256	5,281,952	1,372,810	7,254,291	1,475,264	401,816	16,346,389
Disposals/Adjustments	-	509,820	151,818	(732,828)	257,714	444,758	607,520	1,238,802
Balance as at 31 March 2015	2,430,000	329,553,439	198,033,475	202,193,600	28,877,795	17,061,006	22,564,566	800,713,881
Accumulated depreciation								
Balance as at 01 April 2013	-	115,756,880	94,222,801	239,269,292	14,762,548	8,344,053	18,633,076	490,988,650
Charge for the year (refer note 36)	-	31,595,759	23,154,932	91,603,617	3,190,190	905,262	3,975,291	154,425,051
Reversal on disposal/adjustments	-	38,031,481	32,119,058	155,922,629	1,726,555	1,276,531	4,492,725	233,568,979
Balance as at 31 March 2014	-	109,321,158	85,258,675	174,950,280	16,226,183	7,972,784	18,115,642	411,844,722
Charge for the year	-	7,928,672	23,415,463	5,801,271	2,627,475	1,265,438	2,924,912	43,963,231
Schedule II adjustment (refer note (2) below)	-	-	-	9,608,876	359,113	6,154,342	941,998	17,064,330
Reversal on disposal	-	509,820	151,818	(732,828)	226,180	358,593	607,520	1,121,103
Balance as at 31 March 2015	-	116,740,010	108,522,320	191,093,256	18,986,592	15,033,971	21,375,033	471,751,180
Net block								
Balance as at 31 March 2014	2,430,000	220,181,845	107,644,666	25,137,682	5,655,035	8,057,716	4,654,628	373,761,572
Balance as at 31 March 2015	2,430,000	212,813,429	89,511,155	11,100,344	9,891,203	2,027,035	1,189,533	328,962,701

Notes:

- Land (freehold) includes ₹ 2,430,000, representing the Company's share of undivided land jointly owned with its subsidiary, Royal Orchid Jaipur Private Limited and Royal Orchid South Private Limited.
- The estimated useful lives of certain fixed assets have been revised in accordance with Schedule II to the Companies Act 2013, with effect from April 1, 2014. Pursuant to the above mentioned changes in useful lives, the depreciation expense of current year is higher by ₹ 6,785,045 and for the assets whose revised useful lives have expired prior to March 31, 2014, the net book value of ₹ 17,064,330 has been deducted from the retained earnings.

Notes to the financial statements for the year ended 31 March 2015

Amount in ₹

11. Intangible assets

Particulars	Computer Software
Gross Block	
Balance as at 01 April 2013	1,216,475
Additions	-
Disposals	1,216,475
Balance as at 31 March 2014	-
Additions	-
Disposals	-
Balance as at 31 March 2015	-
Accumulated amortisation	
Balance as at 01 April 2013	131,821
Amortisation for the year (refer note 36)	131,821
Reversal on disposals	263,642
Balance as at 31 March 2014	-
Amortisation for the year	-
Reversal on disposals	-
Balance as at 31 March 2015	-
Net block	
Balance as at 31 March 2014	-
Balance as at 31 March 2015	-

As at 31 March 2015	As at 31 March 2014
₹	₹

12. Non-current investments

(Valued at cost, unless stated otherwise)

Long-term, trade investments in equity instruments (unquoted)

Investments in shares of subsidiaries

Icon Hospitality Private Limited	232,888,412	192,032,412
(504,449 (31 March 2014 – 95,889) equity shares of ₹ 100 each)		
Royal Orchid Jaipur Private Limited	16,500,000	16,500,000
(1,650,000 (31 March 2014 – 1,650,000) equity shares of ₹10 each)		
AB Holdings Private Limited	2,500,000	2,500,000
(250,000 (31 March 2014 – 250,000) equity shares of ₹10 each)		
Maruti Comforts & Inn Private Limited	114,439,080	114,439,080
(407,636 (31 March 2014 – 407,636) equity shares of ₹100 each)		
Multi Hotels Limited	74,060,100	74,060,100
(30 (31 March 2014 – 30) equity shares of Tanzanian Shillings 1,000 each)		
Royal Orchid Maharashtra Private Limited	500,000	500,000
(5,000 (31 March 2014 – 5000) equity shares of ₹100 each)		
Amar Tara Hospitality Private Limited	266,600,000	266,600,000
(26,660,000 (31 March 2014 – 26,660,000) equity shares of ₹10 each)		
Cosmos Premises Private Limited	170,000,040	170,000,040
(202,381 (31 March 2014 – 202,381) equity shares of ₹10 each)		

Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
12. Non-current investments (Valued at cost, unless stated otherwise)		
Non-current investments (Cont'd)	877,487,632	836,631,632
Investments in shares of joint ventures		
Rajkamal Buildcon Private Limited (5,000 (31 March 2014 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
Ksheer Sagar Buildcon Private Limited (5,000 (31 March 2014 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
J H Builders Private Limited (5,000 (31 March 2014 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
Ksheer Sagar Developers Private Limited (5,000 (31 March 2014 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
Investments in debentures of subsidiaries		
Amar Tara Hospitality Private Limited (780,000 (31 March 2014 – Nil) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)	78,000,000	-
Icon Hospitality Private Limited (350,000 (31 March 2014 – Nil) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)	35,000,000	-
Maruti Comforts & Inn Private Limited (75,000 (31 March 2014 – Nil) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)	7,500,000	-
Investments in debentures of a joint venture		
Ksheer Sagar Developers Private Limited (2,210,000 (31 March 2014 – Nil) 14%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)	221,000,000	-
Debenture application money pending allotment		
Amar Tara Hospitality Private Limited	20,487,528	-
Icon Hospitality Private Limited	9,746,389	-
Maruti Comforts & Inn Private Limited	3,165,692	-
Ksheer Sagar Developers Private Limited	83,069,778	-
Long-term, non-trade investments in government securities (unquoted)		
National savings certificate	225,000	225,000
	1,546,962,019	1,048,136,632

Note:

As at 31 March 2015, the net-worth of certain jointly controlled entities are eroded and the construction project of a subsidiary company has been kept in abeyance with significant delays. The aforesaid factors indicate existence of a potential impairment of Company's investment in certain jointly controlled entities and a subsidiary.

The management performed detailed assessment as required under Accounting Standard (AS) 13, Accounting for Investments, and obtained the valuation report from an external valuation expert. Based on the valuation report (that uses replacement value method) and based on the long-term business strategy and plans, the management believes that there is no diminution in respect of the value of investments in equity instruments, compulsorily convertible debentures (including accrued interests and debenture application money pending allotment) and management fees receivables, carried at a value of ₹ 477.88 million, ₹ 403.42 million and ₹ 27.65 million, respectively in the financial statements. Accordingly, no provision for diminution is recorded in the financial statements.

Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015		As at 31 March 2014	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
13. Loans and advances				
(Unsecured, considered good)				
Advances to suppliers	-	11,070,297	-	13,725,861
	-	11,070,297	-	13,725,861
Security deposits				
for hotel properties [includes ₹ 70 million (2014 : ₹ 70 million) to related parties]	127,618,600	-	127,618,600	-
for others	73,582,845	403,500	77,448,623	398,500
	201,201,444	403,500	205,067,223	398,500
Dues from related parties (refer note 28)	164,776,927	-	467,988,283	11,100,000
Interest accrued and due on deposits	-	44,324	-	3,211,958
Interest accrued on Compulsorily Convertible Debentures from subsidiaries and a jointly controlled entity	-	12,020,474	-	-
Prepaid expenses	-	11,834,854	-	13,132,683
Advance tax, net of provision of ₹ 465,104,187 (2014: ₹ 446,804,187)	54,708,565	-	52,390,886	-
MAT credit entitlement	22,200,000	-	-	3,900,000
Advances due from employees	-	1,578,846	-	2,151,139
Project advances	380,981	-	1,125,234	2,315,579
Others	-	7,699,425	-	2,002,218
	242,066,473	33,177,924	521,504,403	37,813,577
	443,267,917	44,651,721	726,571,626	51,937,938
Unsecured, considered doubtful				
Security deposit for others	1,200,000	-	1,200,000	-
Project advances	3,584,777	-	3,584,777	-
	4,784,777	-	4,784,777	-
Less: Provision for doubtful advances/deposits	(4,784,777)	-	(4,784,777)	-
	-	-	-	-
	443,267,917	44,651,721	726,571,626	51,937,938
	As at 31 March 2015		As at 31 March 2014	
	₹		₹	
14. Inventories				
Food and beverages	7,897,421		8,961,486	
Stores and spares	3,335,666		3,114,230	
	11,233,087		12,075,716	

Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
15. Trade receivables		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	-	9,562,477
Unsecured, considered doubtful	13,685,993	13,430,371
	13,685,993	22,992,848
Other debts		
Unsecured, considered good	117,146,051	72,987,936
	117,146,051	72,987,936
	130,832,044	95,980,784
Less: Provision for doubtful debts	(13,685,993)	(13,430,371)
	117,146,051	82,550,413
16. Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	45,540,964	133,173,022
- in deposit accounts (with maturity upto 3 months)	11,706,160	181,748,430
Cash on hand	2,406,349	2,397,575
	59,653,473	317,319,027
Other bank balances		
Balances with banks		
- in deposit accounts (with maturity more than 3 months but less than 12 months)	16,334,620	15,851,034
-Unpaid dividend account	702,722	929,258
	17,037,342	16,780,292
	76,690,815	334,099,319
	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
17. Revenue from operations		
From sale of services at hotels		
- Room nights	471,523,013	476,514,879
- Food and beverages	308,469,838	300,706,990
- Other services	20,192,580	19,445,470
From services at managed hotels	46,109,514	39,829,805
	846,294,945	836,497,144

Notes to the financial statements for the year ended 31 March 2015

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
18. Other income		
Interest income		
- from bank deposits	10,372,125	22,727,237
- from loans to subsidiaries	13,029,548	9,290,567
- from loans to jointly controlled entities	38,930,576	24,252,264
Interest on Compulsorily Convertible Debentures		
- from subsidiaries	7,761,452	-
- from jointly controlled entities	5,594,630	-
Termination fee from a management contract (refer note 36)	20,000,000	-
Dividend income from subsidiary	-	5,059,525
Liabilities no longer required, written back	-	1,699,221
Gain on sale of fixed assets, net	-	163,415
Miscellaneous	10,777,725	24,151,131
	106,466,056	87,343,360
19. Food and beverages consumed		
Opening stock	8,961,486	11,749,608
Add : Purchases during the year	114,216,398	104,568,556
	123,177,884	116,318,164
Less : Closing stock	7,897,421	8,961,486
	115,280,464	107,356,678
20. Employee benefits expense		
Salaries and bonus	170,161,880	151,654,406
Contribution to provident and other funds	10,899,881	8,268,605
Staff welfare expenses	15,650,313	17,907,257
	196,712,074	177,830,268
21. Finance costs		
Interest expenses		
- on term loans (including recompense fee of ₹1.64 million (31 March 2014: ₹ 10.08 million))	48,975,529	55,043,587
- on unsecured loans	9,892,302	12,204,383
- on overdraft	3,867,684	4,097,079
- on vehicle loans	509,956	195,565
Bank charges	6,718,509	1,852,559
	69,963,980	73,393,173
	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
22. Depreciation and amortisation		
Depreciation (refer note 10)	43,963,231	41,198,456
Amortisation (refer note 11)	-	-
	43,963,231	41,198,456

Notes to the financial statements for the year ended 31 March 2015

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
23. Other expenses		
Guest transportation	7,354,961	4,258,632
Linen and room supplies	16,296,960	15,561,839
Catering and other kitchen supplies	7,951,983	7,161,871
Cablenet charges	3,881,132	6,332,216
Uniform washing and laundry	8,792,803	8,022,339
Music and entertainment	3,404,398	2,656,078
Banquet expenses	26,571,169	22,565,129
Power, fuel and water	92,173,700	90,047,226
Management fee	316,235	515,961
Garden, landscaping and decoration	2,160,204	1,922,318
Security charges	7,514,237	7,402,519
Communication and stationery	15,638,292	15,289,495
Subscription charges	5,738,031	6,900,645
Rent	100,132,167	95,541,160
Repairs and maintenance		
- Buildings	8,805,605	5,751,623
- Plant and equipment	10,234,387	11,320,317
- Others	11,063,702	9,095,050
Insurance	3,219,528	4,327,018
Commission, brokerage and discount	16,907,687	19,081,384
Rates and taxes	17,595,895	23,291,395
Legal and professional	27,596,754	23,570,464
Travelling and conveyance	13,527,374	11,626,710
Advertisement and business promotion	15,974,289	17,109,618
Provision for doubtful debts	255,622	3,114,907
Directors' sitting fees	940,000	660,000
Directors' commission	-	-
Recruitment expenses	775,385	556,760
Royalty	2,787,349	2,828,690
Assets written off	-	10,033,121
Loss on sale of assets	117,699	-
Investments written off	-	17,602,000
Provision for doubtful advances/deposits	-	4,784,777
Advances written off	-	1,666,571
Miscellaneous	9,355,368	8,228,628
	437,082,913	458,826,464
24. Earnings per share		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net profit after tax attributable to equity shareholders in ₹	89,758,339	(269,286,614)
Basic and diluted earnings per share in ₹	3.30	(9.89)
Nominal value per equity share in ₹	10	10
25. Operating leases		

The Company has taken various hotel properties and offices on cancellable and non-cancellable leases, which have tenures ranging from 11 months to 30 years. Some of these leases have an escalation in lease rental of 15% every 3-10 years and/or a share of annual revenues from such properties, in excess of pre-agreed limits.

The lease expense for cancellable and non-cancellable operating leases during the year ended 31 March 2015 is disclosed under note 23.

Notes to the financial statements for the year ended 31 March 2015

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
Payments falling due:		
Within 1 year	46,894,267	46,894,267
Later than one year but not later than five years	118,789,977	156,407,596
Later than 5 years	-	9,276,649
Total	165,684,244	212,578,512

26. Commitments and contingencies

a) Litigations

- The Company has been named as a defendant in two civil suits filed restraining the Company from using certain parts of land taken on lease from the Karnataka State Tourism Development Corporation ("KSTDC") for the operation of the Hotel Royal Orchid, Bangalore, which are adjacent to the hotel premises. Consequently, these lands are currently not being utilised by the Company. These cases are pending with the Civil Courts and scheduled for hearings shortly. Management believes that these cases will be settled in its favour and will not adversely affect its operations.
- The Company has been named as a defendant along with Cygnus Business Consulting & Research Private Limited in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff') restraining the alleged use of the trademark of the plaintiff by the Company since 1997. The plaintiff seeks a relief of a permanent injunction restraining the Company from using the trademark 'Orchid'. The plaintiff had filed an application seeking an interim injunction while the above proceedings are pending. The Bombay High Court vide its interim order dated April 05, 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated May 06, 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand. The Company during the previous year has obtained two favourable rulings from the Intellectual Property Appellate Board. The plaintiff has preferred to appeal the ruling of IPAB in Madras High Court during the year and the Company has filed a counter affidavit subsequently. The appeal is yet to come up for hearing in the Madras High Court.
Based on an independent legal advise, the management believes that the case will be settled in its favour and will not affect its current and future operations.
- The Company received tax demand including interest, from the Indian tax authorities for payment of tax of ₹ 19.87 million, arising on denial of certain expenditure, upon completion of tax assessment for the fiscal years ended 31 March 2011. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

The Company is contesting the above demands and the management believes that it is more-like-than-not that the advance tax receivables (net of provision) recorded in the financial statements towards the tax demands is recoverable. Considering the facts and nature of disallowances, the Company believes that the final outcome of the disputes should be in favour of the Company and will not have any material adverse effect on the financial position and results of operations.

b) Guarantees

The Company has given guarantees to banks for loans sanctioned to subsidiaries, jointly controlled entities and an unrelated party amounting to ₹ 1,975,000,000 (31 March 2014: ₹ 1,975,000,000). The loans availed and outstanding at year end - ₹ 479,557,432 (31 March 2014: ₹ 661,710,580).

c) Export obligation

The Company has received various Export Promotion Capital Goods ('EPCG') licenses which entitles it to import capital goods at a concessional rate of duty. Against these imports, the Company has an export obligation equal to eight times the duty amount saved. The Company's export turnover till date is in excess of this obligation.

Notes to the financial statements for the year ended 31 March 2015

27. Information pursuant to Clause 32 of the listing agreements with stock exchanges

Disclosures of amounts outstanding at the year end and the maximum amount of loans outstanding during the year:

Loans and advances in the nature of loans to subsidiaries	As at 31 March 2015	Maximum balance outstanding during the year ended 31 March 2015	As at 31 March 2014	Maximum balance outstanding during the year ended 31 March 2014
	₹	₹	₹	₹
Royal Orchid Jaipur Private Limited*	-	4,641,581	4,641,581	4,641,581
A B Holdings Private Limited*	28,044,317	28,044,317	28,027,160	28,027,160
Multi Hotels Limited*	46,776,428	48,643,395	30,956,809	32,118,745
Royal Orchid Maharashtra Private Limited*	24,921,761	24,921,761	24,920,125	24,920,125
Royal Orchid Associated Hotels Private Limited#*	27,029,347	27,029,347	9,995,665	9,995,665
Icon Hospitality Private Limited	-	51,971,875	51,971,875	51,971,875
Maruti Comforts & Inn Private Limited	-	2,000,000	2,000,000	2,000,000
Amar Tara Hospitality Private Limited	-	63,851,707	63,851,707	63,851,707

The above loan amounts are repayable on demand.

* The loans are provided interest free to wholly owned subsidiaries of the Company.

Formerly Royal Orchid East Private Limited.

28. Related party transactions

i. Parties where control exists

Name of party

Nature of relationship

Icon Hospitality Private Limited	Subsidiary
Cosmos Premises Private Limited	Subsidiary
Maruti Comforts & Inn Private Limited	Subsidiary
Amar Tara Hospitality Private Limited	Subsidiary
Royal Orchid Hyderabad Private Limited	Subsidiary
Royal Orchid Jaipur Private Limited	Subsidiary
AB Holdings Private Limited	Subsidiary
Royal Orchid Associated Hotels Private Limited #	Subsidiary (<i>subsidiary of AB Holdings Private Limited</i>)
Royal Orchid South Private Limited	Subsidiary
Royal Orchid Shimla Private Limited	Subsidiary
Royal Orchid Goa Private Limited	Subsidiary
Royal Orchid Mumbai Private Limited	Subsidiary
Royal Orchid Maharashtra Private Limited	Subsidiary
Multi Hotels Limited	Subsidiary
Ksheer Sagar Developers Private Limited	Jointly controlled entity
J.H. Builders Private Limited	Jointly controlled entity
Raj Kamal Buildcon Private Limited	Jointly controlled entity
Ksheer Sagar Buildcon Private Limited	Jointly controlled entity
Mr. Chander K Baljee	Managing Director and Key Management Personnel

Formerly Royal Orchid East Private Limited

ii. Key Management Personnel (KMP)

Mr. Chander K Baljee	Managing Director
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iii. Relatives of Key Management Personnel

Mr. Arjun Baljee
Mr. Keshav Baljee
Mrs. Sunita Baljee

28. Related parties (Cont'd)

iv. Transactions with related parties during the year

Nature of transaction	Subsidiary		Jointly controlled entity		Key Management Personnel		Entities controlled by KMP	
	2015	2014	2015	2014	2015	2014	2015	2014
Management and technical fee income (excluding service tax)								
Ksheer Sagar Developers Private Limited	-	-	11,277,594	8,726,294	-	-	-	-
Dividend income								
Cosmos Premises Private Limited	-	5,059,525	-	-	-	-	-	-
Interest income on loans granted								
Icon Hospitality Private Limited	5,015,626	3,245,292	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	757,687	360,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	7,256,235	5,685,275	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	38,930,576	24,252,264	-	-	-	-
Interest income on investments in								
Compulsorily Convertible Debentures								
Icon Hospitality Private Limited	1,104,657	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	233,014	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	6,423,781	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	5,594,630	-	-	-	-	-
Interest expense on loans taken								
Cosmos Premises Private Limited	839,905	864,383	-	-	-	-	-	-
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	8,190,000	10,440,000
Mr. Chander K Baljee	-	-	-	-	862,397	900,000	-	-
Loans granted								
Multi Hotels Limited	15,819,620	8,191,564	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	17,033,682	9,985,000	-	-	-	-	-	-
AB Holdings Private Limited	17,157	7,530,000	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	1,636	219,306	-	-	-	-	-	-
Icon Hospitality Private Limited	-	31,300,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	67,526,523	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	66,000,000	-	-	-	-
Repayment of loans granted								
Royal Orchid Jaipur Private Limited	-	-	-	-	-	-	-	-
AB Holding Private Limited	-	1,000,000	-	-	-	-	-	-
Icon Hospitality Private Limited	-	2,500,000	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	4,641,581	-	-	-	-	-	-	-

Notes to the financial statements for the year ended 31 March 2015

28. Related parties (Cont'd)									
iv. Transactions with related parties during the year (Cont'd)									
Nature of transaction	Subsidiary		Jointly controlled entity		Key Management Personnel		Amount in ₹		
	2015	2014	2015	2014	2015	2014	2015	2014	2014
Repayment of loans taken									
Cosmos Premises Private Limited	-	202,534	-	-	-	-	-	-	-
Mr. Chander K Baljee	-	-	-	-	2,500,000	-	-	-	-
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	50,000,000	-	-
Conversion of unsecured loans to Compulsorily Convertible Debentures (including interest receivable thereon)									
Icon Hospitality Private Limited	15,000,000	-	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	-	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	56,447,317	-	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	155,503,555	-	-	-	-	-	-
Investment in Compulsorily Convertible Debentures									
Icon Hospitality Private Limited	20,000,000	-	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	7,500,000	-	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	21,552,683	-	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	65,496,445	-	-	-	-	-	-
Conversion of unsecured loans to equity share capital (including interest receivable thereon)									
Icon Hospitality Private Limited	40,856,000	-	-	-	-	-	-	-	-
Remuneration									
Mr. Chander K Baljee	-	-	-	-	19,210,000	4,800,000	-	-	-
Rental expense									
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	24,000,000	24,000,000	24,000,000
Hotel Staylonger Private Limited	-	-	-	-	-	-	6,000,000	6,000,000	6,000,000

28. Related parties (Cont'd)

iv. Transactions with related parties during the year (Cont'd)

Amount in ₹

Nature of transaction	Subsidiary		Jointly controlled entity		Key Management Personnel		Entities controlled by KMP	
	2015	2014	2015	2014	2015	2014	2015	2014
Conversion of unsecured loans to Debenture application money pending allotment (including interest receivable thereon)								
Icon Hospitality Private Limited	9,746,389	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	3,165,692	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	20,487,528	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	83,069,778	-	-	-	-	-
Loans and advances receivable converted to investment								
Amar Tara Hospitality Private Limited	-	15,000,000	-	-	-	-	-	-

v. Balances (payable to) / receivable from related parties is summarised below :

	Subsidiary		Jointly controlled entity		Key Management Personnel		Entities controlled by KMP	
	2015	2014	2015	2014	2015	2014	2015	2014
Loans receivable								
Royal Orchid Jaipur Private Limited	-	4,641,581	-	-	-	-	-	-
AB Holdings Private Limited	28,044,317	28,027,160	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	2,000,000	-	-	-	-	-	-
Multi Hotels Limited	46,776,428	30,956,809	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	24,921,761	24,920,125	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	27,029,347	9,995,665	-	-	-	-	-	-
Icon Hospitality Private Limited	-	51,971,875	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	63,851,707	-	169,641,010	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	1,165,683	1,165,683	-	-	-	-
J.H. Builders Private Limited	-	-	1,117,162	1,117,162	-	-	-	-
Raj Kamal Buildcon Private Limited	-	-	1,115,640	1,115,640	-	-	-	-
Ksheer Sagar Buildcon Private Limited	-	-	-	-	-	-	-	-
Technical and management fees receivable								
Ksheer Sagar Developers Private Limited	-	-	27,565,977	17,416,142	-	-	-	-
Loans payable								
Cosmos Premises Private Limited	(4,666,140)	(4,666,140)	-	-	-	-	-	-
Baljees Hotels and Real Estate Private Limited	-	-	-	-	(2,500,000)	(8,000,000)	(58,000,000)	-
Mr. Chander K Baljee	-	-	-	-	-	(5,000,000)	-	-
Interest receivable on loans granted (net of taxes deducted at source)								
Icon Hospitality Private Limited	-	9,116,451	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	6,203,067	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	324,000	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	33,894,805	-	-	-	-

Notes to the financial statements for the year ended 31 March 2015

28. Related parties (Cont'd)

v. Balances (payable to) / receivable from related parties is summarised below :

Nature of transaction	Subsidiary		Joint Venture		Key Management Personnel		Entities controlled by KMP	
	2015	2014	2015	2014	2015	2014	2015	2014
Current account balances receivable/ (payable)								
Royal Orchid Associated Hotels Private Limited	19,677,663	14,947,912	-	-	-	-	-	-
Icon Hospitality Private Limited	12,999,644	9,194,463	-	-	-	-	-	-
Cosmos Premises Private Limited	(5,795,173)	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	(349,460)	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	1,536,753	2,241,772	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	(1,554,325)	(2,477,078)	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	(2,081,934)	2,661,397	-	-	-	-
Others	392,530	(494,008)	-	-	-	-	-	-
Interest receivable on Compulsorily Convertible Debentures (net of taxes deducted at source)								
Icon Hospitality Private Limited	994,191	-	-	-	-	-	(6,958,918)	(3,717,518)
Amar Tara Hospitality Private Limited	209,712	-	-	-	-	-	(4,701,028)	(2,459,428)
Maruti Comforts & Inn Private Limited	5,781,403	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	5,035,167	-	-	-	-	-
Rent payable								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	-	-
Hotel Staylonger Private Limited	-	-	-	-	-	-	-	-
Dues from a director (remuneration payable)								
Mr. Chander K Baljee	-	-	-	-	11,100,000	-	-	-
Interest payable (net of tax deducted at source)								
Cosmos Premises Private Limited	(2,573,600)	(1,817,685)	-	-	-	-	-	-
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(906,509)	(1,282,509)
Mr. Chander K Baljee	-	-	-	-	(2,686,496)	(1,910,338)	-	-
Security deposit given								
Hotel Staylonger Private Limited	-	-	-	-	-	-	10,000,000	10,000,000
Mr. Chander K Baljee	-	-	-	-	60,000,000	60,000,000	-	-
Security deposit payable								
Presidency College of Hotel Management	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Corporate guarantee taken outstanding								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(390,000,000)	(390,000,000)

Amount in ₹

28. Related parties (Cont'd)

v. Balances (payable to) / receivable from related parties is summarised below :

Amount in ₹

Nature of transaction	Subsidiary		Joint Venture		Key Management Personnel		Entities controlled by KMP	
	2015	2014	2015	2014	2015	2014	2015	2014
Personal guarantee taken outstanding								
Mr. Chander K Baljee	-	-	-	-	(1,079,000,000)	(1,079,000,000)	-	-
Corporate guarantee issued outstanding								
Ksheer Sagar Developers Private Limited	-	-	700,000,000	700,000,000	-	-	-	-
Cosmos Premises Private Limited	100,000,000	100,000,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	950,000,000	950,000,000	-	-	-	-	-	-

vi. During the previous year ended, the Company has paid remuneration payable to the Managing Director in excess of the limits defined in the Schedule XIII of Companies Act, 1956 amounting to INR 11,100,000. These amounts have been approved by the shareholders of the Company. The Company had applied for the necessary approvals which are awaited, pending which these amounts had been disclosed as recoverable from him. 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 year ended 31 March 2015. The excess of ₹ 3.89 million was adjusted to the amount payable to the MD during the fiscal 2015.

Notes to the financial statements for the year ended 31 March 2015

29. Earnings in foreign currency

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
Income from operations	122,925,858	180,121,074

30. Expenditure in foreign currency

Commission	3,215,037	9,189,029
License and subscription	1,690,652	7,549,949
Others	300,250	954,581

31. Imported and indigenous food and beverages consumed

	Year ended 31 March 2015		Year ended 31 March 2014	
	Amount (₹)	%	Amount (₹)	%
Imported	-	-	-	-
Indigenous	115,280,464	100%	107,356,678	100%
	115,280,464	100%	107,356,678	100%

The consumption above is net of ₹ 9,648,396 (31 March 2014 – ₹ 9,466,468) representing amounts utilised for internal consumption which has been classified under staff welfare.

32. Value of imports on CIF basis

Capital goods	1,715,227	-
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33. Auditors' remuneration *

Statutory audit and limited reviews	2,350,000	2,000,000
Service tax	290,460	247,200
Out of pocket expenses	141,982	131,500
	2,640,460	2,247,200

* Included in legal and professional under note 23

34. Investment in joint ventures

Information as required by Accounting Standard – 27 – “Financial Reporting of Interest in Joint Ventures”. The Company’s share in the assets, liabilities, income and expenditure of its joint ventures in India under jointly controlled entities is as follows:

Nature of transaction	Amount in ₹					
	Raj Kamal Buildcon Private Limited		Ksheer Sagar Private Limited		Ksheer Sagar Buildcon Private Limited	
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014
Equity interest	50%	50%	50%	50%	50%	50%
Non current assets	49,555,068	50,095,023	407,893,109	431,097,287	49,555,012	50,094,967
Current assets	5,625	5,725	18,471,128	24,650,004	5,625	5,725
Non current liabilities	-	-	287,703,579	233,953,044	-	-
Current liabilities	2,216,734	2,216,734	338,082,232	342,203,349	2,215,237	2,264,590
Revenue	-	-	90,871,235	87,699,407	-	-
Expenses	14,357	232,273	168,688,241	161,812,917	14,307	241,000

Notes to the financial statements for the year ended 31 March 2015

35. Segment information

The Company's business comprises the operation of hotels and allied services, the services of which represents one business segment as they are subject to risks and returns that are similar to each other. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

- 36.** During previous year, the Company announced that it had executed a Business Transfer Agreement with Samhi Hotels Private Limited for sale of Hotel Regenta One, Hyderabad ('the unit') for a consideration of ₹ 1,796.48 million, including consideration towards working capital adjustment of ₹ 6.48 million. Accordingly, this unit is classified as a discontinuing operation. The carrying amounts of assets disposed and liabilities settled of the unit on 29 November 2013 ('the effective date') was ₹ 1,946.11 million and ₹ 29.65 million respectively, resulting in a loss on sale of the unit amounting to ₹ 132.94 million. The transfer of the unit was completed on the effective date after the necessary shareholder approvals. The net payable outstanding as at 31 March 2015 and 2014 towards working capital adjustment is ₹ 6.48 million and disclosed under note 9 with 'Others'.

For the period 01 April 2013 to 29 November 2013, the unit recorded operating revenues of ₹ 101.98 million and expenses of ₹ 347.65 million from ordinary activities, including depreciation and amortization of ₹ 113.36 and interest expense of ₹ 135.31 million, respectively, resulting in net loss from discontinuing operations of ₹ 245.66 million. The net cash flows of this unit from operating, investing and financing activities during the period are ₹ 150.77 million, ₹ 15.60 million (negative) and ₹ 135.53 million (negative), respectively.

Subsequently, the Company has executed a 'Hotels Operations Agreement' with the buyer for managing the unit effective 01 October 2013. During the year ended 31 March 2015, the Company has terminated the 'Hotel Operations Agreement' in lieu of termination fee of ₹ 20 million (refer note 18).

37. Comparatives

Prior year amounts have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

INDEPENDENT AUDITOR'S REPORT



To the Members of Royal Orchid Hotels Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Royal Orchid Hotels Limited**, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its jointly controlled entities, which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and jointly controlled entities, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/Management of the subsidiaries included in the Group, and of its jointly controlled entities are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries and jointly controlled entities, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of 1 subsidiary and 4 jointly controlled entities, incorporated in India, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31 March 2015, their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 1(b) of the consolidated financial statements wherein the Management has explained its reasons for preparing the consolidated financial statements of the Holding Company, certain subsidiaries and jointly controlled entities on a going concern basis. As at 31 March 2015, the current liabilities exceeded its current assets by ₹ 395.58 million for the Group and certain of its jointly controlled entities. Further, certain subsidiaries and jointly controlled entities continue to incur cash losses during the year ended 31 March 2015. These conditions along with matters set forth in the said note indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company, certain subsidiaries and jointly controlled entities ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Independent Auditors' Report

Other Matters

10. We did not audit the financial statements of 1 subsidiary and 4 jointly controlled entities, incorporated in India, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 763.20 million (22% percent of total consolidated assets) as at 31 March 2015, total revenues (after eliminating intra-group transactions) of ₹ 45.44 million (3% percent of total consolidated revenues) and net cash flows amounting to ₹ 3 million for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entities, is based solely on the reports of the other auditors.
11. We did not audit the financial statements of 8 subsidiaries, incorporated in India, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹152.96 million (4% percent of total consolidated assets) as at March 31, 2015, and revenues (after eliminating intra-group transactions) of ₹ 22.06 million (1% percent of total consolidated revenues) and net cash inflows of ₹9.31 million for the year ended on that date. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group
12. Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the subsidiary companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, as applicable to such companies.
14. As required by Section 143(3) of the Act, and based on the auditor's reports of the Holding Company, its subsidiaries and jointly controlled entities, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
 - e) The matters described in paragraph 9 under the Emphasis of Matters paragraph and clause (ix) of the Annexure, in our opinion, may have an adverse effect on the functioning of the Group and its jointly controlled entities;
 - f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the auditor's report of the 5 subsidiaries and 4 jointly controlled entities, incorporated in India, none of the directors of the Holding Company, 5 subsidiaries and 4 jointly controlled entities, incorporated in India, is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) as detailed in note 29, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities;
 - (ii) the Group and its jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. In addition, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the 5 subsidiaries and 4 jointly controlled entities incorporated in India.

for **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Banthia**

Partner

Membership No.: 061068

Place : Bengaluru

Date : 30 May 2015

Annexure to the Independent Auditor's Report of even date to the members of Royal Orchid Hotels Limited, on the consolidated financial statements for the year ended 31 March 2015

Our reporting on the Order includes one subsidiary company and four jointly controlled companies incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) (a) The Holding Company, 5 subsidiaries and 4 jointly controlled entities incorporated in India have maintained proper records showing full particulars, including quantitative details and situation of fixed assets, *except in case of 1 jointly controlled entity, the fixed asset records do not include the situation of the assets.*
- (b) The Holding Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the fixed assets of 2 subsidiaries and 3 jointly controlled entities have been physically verified during the year and no material discrepancies have been noted *except in the case of 1 subsidiary where material discrepancies amounting ₹ 6.49 million were noticed on such verification.* These have been properly dealt with in the books of account. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the fixed assets of the 3 subsidiaries and 1 jointly controlled entity incorporated in India have not been physically verified by the management during the year and hence we are unable to comment on the discrepancies if any which would have arisen on such verification. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the frequency of verification of the fixed assets for the Holding company and 2 subsidiaries and 3 jointly controlled entities is reasonable having regard to their size and the nature of their assets. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, *the frequency of verification of the fixed assets, in case of 3 subsidiaries and 1 jointly controlled entity incorporated in India, is not reasonable having regard to the size of the Company and nature of its assets.*
- (ii) (a) In respect of the inventories of the Holding Company, its 4 subsidiaries and 1 jointly controlled entity incorporated in India, as explained to us and the other auditors, the inventories have been physically verified by the management of the respective companies at reasonable intervals. Further, 1 subsidiary and 3 jointly controlled entities do not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (b) In respect of the inventories of the Holding Company, its 4 subsidiaries and 1 jointly controlled entity incorporated in India, in our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventory followed by the Management of the respective companies were reasonable and adequate in relation to the size of the respective companies and the nature of their business.
- (c) In respect of the inventories of the Holding Company, 4 subsidiaries and 1 jointly controlled entity incorporated in India, in our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective companies have maintained proper records of their inventory and no material discrepancies between physical inventory and book records were noticed on physical verification *except in the case of 1 subsidiary wherein discrepancies noted on physical verification of inventories were material, and have been properly dealt with in the books of account.*
- (iii) The Holding Company has granted unsecured loans to 4 wholly owned subsidiaries covered in the register maintained under Section 189 of the Act. In addition, 1 subsidiary company and 3 jointly controlled entities has granted unsecured loan to the Holding company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, receipt of the principal amount is regular. However, the receipt of interest, where applicable, is not regular; and
 - (b) according to the information and explanations given to us and the other auditors, there is no overdue amount in respect of loans granted to such companies, firms or other parties as the same are repayable on demand.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system commensurate with the size of the Holding company, 5 subsidiaries and 4 jointly controlled entities incorporated in India and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations given to us and the other auditors, the Holding company, 5 subsidiaries and 4 jointly controlled entities incorporated in India has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the Holding Company, 5 subsidiaries and 4 jointly controlled entities incorporated in India Company's products/services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

Annexure to Independent Auditors' Report

- (vii) (a) Undisputed statutory dues in respect of value added tax, and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, *though there have been slight delays in few cases. Undisputed statutory dues in respect of income tax, service tax, provident fund, employees' state insurance, professional tax, luxury tax as applicable have not been regularly deposited with the appropriate authorities and there have been delays (ranging upto 173 days) in many cases.*

Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable pertain to taxes deducted at source under Income-tax Act, 1961 amounting to ₹ 0.07 million (for months of April 2013 - August 2013 that were due on 7th of the following month) and ₹ 3.78 million (for months of June and September 2014 that were due on 7th of the following month), luxury taxes under Delhi Tax on Luxuries Act, 1996 amounting to ₹ 3.45 million (for months of November 2012 - March 2013 that were due on 20th of the following month), value added taxes under Delhi Value Added Tax Act, 2004 amounting to ₹ 8.18 million (for months of April 2012 - March 2013 that were due on 20th of the following month), entry taxes under The Rajasthan Entry Tax - Goods Act, 2003 amounting to ₹ 16.07 million (for the month of February 2012 that were due on 20th of the following month), and workmen compensation payable under the Karnataka Labour Welfare Fund Act, 1965 amounting to ₹ 1.92 million (for financial year ended 31 March 2003 till 31 March 2011 that were due on 30 September 2006 to 30 September 2014, respectively).

- (b) *Disputed statutory dues in respect of (i) income-tax matters under the Income tax Act, 1961 pertaining to fiscal year ended 31 March 2011 is pending with the Commissioner of Income tax - Appeals (₹ 19.87 million) and (ii) custom duty matters under the Export Promotion Capital Goods Scheme pertaining to fiscal year ended 31 March 2014 is pending with the Commissioner of customs (exports) (₹ 18.67 million).*
- (c) The Holding Company has transferred the amounts required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time. Further with respect to its 5 subsidiaries and 4 jointly controlled there were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable to the subsidiaries and jointly controlled entities incorporated in India.
- (viii) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, 4 subsidiaries and 3 jointly controlled entities have no accumulated losses at the end of the financial year except in case of 1 subsidiary and 1 jointly controlled entity where the accumulated losses exceed fifty percent of its net-worth.
- The Holding Company and 3 subsidiaries and 3 jointly controlled entities have not incurred any cash losses in the current year and 2 subsidiaries and 1 jointly controlled entity have incurred cash losses in the current fiscal year. Further, 3 subsidiaries did not incur cash losses in the immediately preceding financial year and the Holding Company, 2 subsidiaries and 4 jointly controlled entities had incurred cash losses in the immediately preceding fiscal year.*
- (ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, 2 subsidiaries and 3 jointly controlled entities have no dues payable to debenture-holders. In case of 3 subsidiaries and 1 jointly controlled entity, interest accrued on compulsory convertible debentures amounting to ₹ 12.16 million is not due as on 31 March 2015.
- The Holding Company has generally not defaulted in repayment of principal and interest amounts due to banks or financial institutions during the year. According to the information and explanations given to us and the other auditors, in case of 3 subsidiaries and 1 jointly controlled entity incorporated in India, there has been delays in repayment of dues (including interest amounting ₹ 104.49 million) to the banks during the year to the extent of ₹ 274.87 million (with delays in repayments being for less than 180 days in each individual case) and ₹ 24.43 million of such dues were in arrears as on the balance sheet date. There are no dues payable to banks by 2 subsidiaries and 3 jointly controlled entities incorporated in India. There are no dues payable to financial institutions by 5 subsidiaries and 4 jointly controlled entities incorporated in India.*
- (x) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the terms and conditions on which the Holding Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company. The 5 subsidiaries and 4 jointly controlled entities have not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, 3 subsidiaries and 1 jointly controlled entity have applied the term loans for the purpose for which these loans were obtained. There are no term loans balances outstanding in 2 subsidiaries and 3 jointly controlled entities incorporated in India and hence the clause is not applicable.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud on or by the Holding Company, its 5 subsidiaries and 4 jointly controlled entities incorporated in India has been noticed or reported during the period covered by our audit.

for **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Banthia**

Partner

Membership No.: 061068

Place : Bengaluru

Date : 30 May 2015

Consolidated Balance Sheet as at 31 March 2015

	Notes	As at 31 March 2015 ₹	As at 31 March 2014 ₹
Equity and Liabilities			
Shareholders' funds			
Share capital	3	272,339,650	272,339,650
Reserves and surplus	4	1,354,357,671	1,441,855,399
		1,626,697,321	1,714,195,049
Minority Interest			
		344,287,403	353,054,221
Non-current liabilities			
Long-term borrowings	5	649,436,492	750,166,123
Deferred tax liability, net	6	16,651,735	35,834,052
Other long-term liabilities	7	17,661,750	14,992,410
Long-term provisions	8	15,967,621	14,948,273
		699,717,598	815,940,858
Current liabilities			
Short-term borrowings	5	95,338,258	261,949,878
Trade payables	9	152,401,713	152,184,276
Other current liabilities	10	521,826,305	642,202,407
Short-term provisions	8	16,019,530	13,013,269
		785,585,806	1,069,349,830
Total		3,456,288,128	3,952,539,958
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	2,304,079,776	2,514,268,942
Intangible assets	12	850,892	1,254,371
Capital work-in-progress		196,840,948	166,693,109
Goodwill (on consolidation)		177,472,146	177,472,146
Non-current investments	13	225,000	225,000
Long-term loans and advances	14	386,810,514	462,514,740
Other non current assets		-	5,453,088
		3,066,279,276	3,327,881,396
Current assets			
Inventories	15	20,405,154	20,422,860
Trade receivables	16	154,628,826	124,023,170
Cash and bank balances	17	141,245,270	376,991,740
Short-term loans and advances	14	65,248,662	89,483,170
Other current assets (unbilled revenue)		8,480,940	13,737,622
		390,008,852	624,658,562
Total		3,456,288,128	3,952,539,958
Summary of significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

Statement of Consolidated Profit and Loss for the year ended 31 March 2015

	Notes	As at 31 March 2015 ₹	As at 31 March 2014 ₹
Revenue			
Revenue from operations	18	1,477,544,675	1,420,401,011
Other income	19	52,962,166	59,023,603
Total revenue		1,549,972,129	1,479,424,614
Expenses			
Food and beverages consumed	20	190,900,516	177,743,983
Employee benefits expense	21	352,486,124	313,269,910
Finance costs	22	163,503,060	192,822,003
Depreciation and amortisation	23	146,163,355	138,482,493
Other expenses	24	735,359,962	721,605,751
Total expenses		1,588,413,017	1,543,924,140
Loss from continuing operations		(57,906,176)	(64,499,526)
Tax expense			
Current tax		27,029,731	4,775,162
Deferred tax credit		(1,489,839)	(42,081,279)
Minimum alternative tax credit		(15,569,940)	(1,082,103)
		9,969,952	(38,388,220)
Loss after tax from continuing operations		(67,876,128)	(26,111,306)
Loss from discontinuing operations	32	-	(245,662,209)
Loss on sale of unit	32	-	(132,940,165)
		-	(378,602,374)
Net loss before minority interest		(67,876,128)	(404,713,680)
Minority interest		(29,202,113)	(29,778,908)
Loss for the year		(38,674,015)	(374,934,772)
Earnings per equity share of ₹10 each	25		
Basic/Diluted		(1.42)	(13.77)
Summary of significant accounting policies and other explanatory information	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

**For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited**

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

Cash Flow Statement for the year ended 31 March 2015

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
A. Cash flow from operating activities		
Net profit before tax	(57,906,176)	(443,101,900)
Adjustments for:		
Depreciation and amortisation	146,163,355	251,840,908
Assets written off	-	20,299,243
Loss on sale of unit	-	132,940,165
Interest income	(15,673,671)	(35,643,345)
Interest expense, net	155,676,819	327,579,928
Loss/(gain) on sale of tangible assets	13,554,241	(163,415)
Liability no longer required, written back	(909,868)	(4,153,447)
Provision for doubtful debts	(2,920,035)	4,670,085
Provision for doubtful advances/deposit	-	5,033,533
Advances written off	-	1,666,571
Operating profit before working capital changes	237,984,665	260,968,326
Changes in working capital:		
Increase/(Decrease) in liabilities, payables and provisions	78,330,523	(121,580,023)
Increase in trade receivables and other current assets	(21,301,997)	(1,617,108)
Decrease in inventories	158,687	2,065,115
Decrease in loans and advances	125,651,120	16,117,484
Cash generated from operations	420,822,998	155,953,794
Direct taxes paid	35,806,467	5,966,111
Net cash generated from operating activities	385,016,531	149,987,683
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(39,891,994)	(122,109,480)
Sale of fixed assets	-	1,791,108,979
Interest received	17,431,284	18,040,503
Changes in margin money	-	8,695,076
Changes in other Bank Balances	10,356,111	(25,527,843)
Changes in project advances	-	16,695,049
Loans given to joint venture	-	(33,000,000)
Net cash used in investing activities	(12,104,600)	1,653,902,284

Cash Flow Statement for the year ended 31 March 2015 (Contd.)

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
C. Cash flows from financing activities		
Interest paid, net of capitalised interest	(183,917,254)	(313,217,182)
Proceeds from borrowings	389,135,825	-
Proceeds from unsecured borrowings	50,000,000	-
Repayment of borrowings	(765,977,415)	(1,236,706,095)
Repayment of unsecured borrowings	(52,500,000)	-
Change in unclaimed dividend account	(226,536)	(3,17,655)
Change in bank overdraft, net	(40,269,997)	1,958,631
Net cash used in financing activities	(601,253,151)	(1,548,282,301)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(230,843,447)	255,607,666
Cash and cash equivalents at the beginning of the year	349,200,714	93,593,048
Cash and cash equivalents at the end of the year	118,357,267	349,200,714
The accompanying notes are integral part of the financial statements.		

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

For and on behalf of Board of Directors of
Royal Orchid Hotels Limited

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015

Notes to the consolidated financial statements for the year ended 31 March 2015

1 (a) Background

Royal Orchid Hotels Limited ('the Holding Company') is a public company domiciled in India. The Holding Company was incorporated in 1986. The shares of the Holding Company are listed on Bombay and National stock exchange in India. The Holding Company and its subsidiaries collectively referred to as (the 'Group') and the jointly controlled entities are engaged in the business of operating and managing hotels/ resorts and providing related services, through its portfolio of hotel properties across the country.

(b) Operational outlook

The management is optimistic of improving the operating cash flows for the Holding Company, certain of its subsidiaries and jointly controlled entities through restructuring of debt, cost synergies, exploring avenues of enhancing revenues, disposing off loss making businesses, equity infusion by joint venture partners/ minority shareholders etc., although the current liabilities exceeded its current assets by ₹ 395.58 million for the Group and its jointly controlled entities. Further, the Holding Company is committed to provide financial and operational support to certain jointly controlled entities and subsidiaries that incurred cash losses during the year ended 31 March 2015. These measures are expected to result in sustainable consolidated cash flows and accordingly, the consolidated financial statement continue to be presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

2 Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and its jointly controlled entities have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Holding Company has prepared these consolidated financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

(b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the management of the Holding Company to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, impairment of assets, provision for doubtful receivable, provision for employee benefits and provision for income and deferred taxes.

(c) Principles of consolidation

The consolidated financial statements include the financial statements of the Holding Company, its subsidiaries and jointly controlled entities.

The list of the Company's subsidiaries and jointly controlled entities with the percentage holding is as follows:

	Country of incorporation	Percentage of shareholding/voting power	
		31 March 2015	31 March 2014
Subsidiaries			
Icon Hospitality Private Limited	India	51.07%	51.07%
Maruti Comforts & Inn Private Limited	India	65.22%	65.22%
Royal Orchid Hyderabad Private Limited	India	100.00%	100.00%
AB Holdings Private Limited	India	100.00%	100.00%
Royal Orchid Jaipur Private Limited	India	100.00%	100.00%
Royal Orchid South Private Limited	India	100.00%	100.00%
Royal Orchid Associated Hotels Private Limited* (subsidiary of AB Holdings Private Limited)	India	100.00%	100.00%
Multi Hotels Limited	Tanzania	100.00%	100.00%
Royal Orchid Shimla Private Limited	India	100.00%	100.00%
Royal Orchid Goa Private Limited	India	100.00%	100.00%

Notes to the consolidated financial statements for the year ended 31 March 2015

Royal Orchid Maharashtra Private Limited	India	100.00%	100.00%
Amar Tara Hospitality Private Limited	India	75.10%	75.10%
Royal Orchid Mumbai Private Limited	India	100.00%	100.00%
Cosmos Premises Private Limited	India	50.00%	50.00%

Joint Ventures

Ksheer Sagar Buildcon Private Limited	India	50.00%	50.00%
Ksheer Sagar Developers Private Limited	India	50.00%	50.00%
Raj Kamal Buildcon Private Limited	India	50.00%	50.00%
J.H. Builders Private Limited	India	50.00%	50.00%

* Formerly Royal Orchid East Private Limited

2 Summary of significant accounting policies**(c) Principles of consolidation**

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as prescribed in Accounting Standard (AS) - 21, Consolidated Financial Statements. The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Holding Company and its share in the post-acquisition increase/decrease in the relevant reserves of the consolidated entity.

The period of financial statements of the subsidiaries and jointly controlled entities for the purpose of consolidation is consistent with that of the Holding Company.

Minority interest represents the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and its share of change in the equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under reserves and surplus.

Proportionate share of interest in jointly controlled entities has been accounted for by the proportionate consolidation method in accordance with Accounting Standard (AS) - 27, Financial Reporting of Interests in Joint Ventures.

The excess/deficit of cost to the Holding Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the consolidated financial statements as goodwill/capital reserve. The Holding Company's portion of net worth in such subsidiaries is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Consolidated financial statements are prepared using uniform accounting policies across the Group and jointly controlled entities.

(d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and jointly controlled entities and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from services

Revenues comprise income from the sale of room nights, food, beverages and allied services during a guest's stay at the hotel. Room revenue is recognised based on occupation and revenue from sale of food, beverages and other allied services, as the respective services are rendered. Other revenues are recognised as and when the services are performed or the right to receive claim is established, with reasonable certainty for ultimate collection.

Income from management and technical services are recognised as the services are rendered based on the terms of the contract.

Unbilled revenues represent revenues recognised which have not been billed to the customers at the Balance Sheet date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the Consolidated Statement of Profit and Loss.

2 Summary of significant accounting policies (Cont'd)

(e) Fixed assets

Fixed assets are stated at the cost less accumulated depreciation and impairment losses, if any. The cost of comprises purchase price and other costs directly attributable to bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred.

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as capital advances under long-term loans and advances. The cost incurred towards fixed assets, but not ready for their intended use before each Balance Sheet date is disclosed as capital work-in-progress, if any.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Profit and Loss when the asset is derecognized.

(f) Depreciation and amortisation

Depreciation/amortization on fixed assets is provided on the straight-line method using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets, as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets, which includes goodwill on acquisition of the business of entities, are amortised over a period of five years.

Leasehold building (including improvements) are amortised over the lease period.

Asset category	Useful life (years)
Buildings	30
Plant and equipments	15
Furniture and fixtures	8
Vehicles	6
Office equipments	5
Computer equipments	3
Computer software	3

(g) Borrowing costs

Borrowings costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets for the period up to the completion of their acquisition or construction. All other borrowing cost as incurred are charged to the Consolidated Statement of Profit and Loss. The Group and its jointly controlled entities also capitalise the borrowing costs during the period of temporary suspension on account of delay in technical and administrative work.

(h) Goodwill

Goodwill on consolidation is not amortised and is tested for impairment on an annual basis. Goodwill on acquisition of business is amortised over a period of five years.

(i) Impairment of assets

The Group and its jointly controlled entities assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any indication exists, the Group and its jointly controlled entities estimate the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the Statement of Consolidated Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2 Summary of significant accounting policies (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group and its jointly controlled entities estimate the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(j) Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

On disposal of an investment, the difference between the carrying value and net disposal proceeds is charged or credited to the statement of Consolidated Profit and Loss.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

(k) Inventory

Inventory comprises food, beverages, stores and spare parts and are valued at the lower of cost and net realisable value.

Cost includes cost of purchase and other costs incurred in bringing the goods to their present location and condition and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

(l) Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the respective transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences arising on a monetary item that, in substance, form part of Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the consolidated financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

(m) Lease

Where the Group and its jointly controlled entities lease land and buildings along with related assets as a part of a combined lease arrangement, the Group and its jointly controlled entities determine whether these assets acquired are integral to the land and building. If these assets are integral, the Group and its jointly controlled entities analyse the nature of the lease arrangement on a combined basis for all assets. If the assets are not integral to the land and building, the Group and its jointly controlled entities evaluate each asset individually, to determine the nature of the lease.

Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated Statement of Profit and Loss on a straight line basis.

(n) Retirement benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard (AS)-15, Employee Benefits.

Provident fund

The Group and its jointly controlled entities contribute to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

2 Summary of significant accounting policies (Cont'd)

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the consolidated Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of Consolidated Profit and Loss in the year in which such gains or losses arises.

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability. The Group and its jointly controlled entities present the leave as a current liability in the consolidated Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the Balance Sheet date. Where the Group and its jointly controlled entities has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liabilities.

(o) Tax expense

Current tax

Provision is made for income tax under the tax payable method based on the liability computed after taking credit for deductions, allowances and exemptions as per the relevant tax regulations.

Minimum Alternate Tax

Minimum alternate tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group and its jointly controlled entities will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group and its jointly controlled entities and the asset can be measured reliably.

Deferred tax

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably/virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

(p) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings/(loss) per share, the profit/loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions and contingent liabilities

The Group and its jointly controlled entities creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(r) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group and its jointly controlled entities have a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(s) Cash and cash equivalents

The Group and its jointly controlled entities considers all highly liquid investments with a remaining maturity, at the date of purchase/investment, of three months or less to be cash equivalents.

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015		As at 31 March 2014	
	Number	Amounts ₹	Number	Amounts ₹
3 Share capital				
Authorised share capital				
Equity shares of ₹10 each	50,000,000	500,000,000	50,000,000	500,000,000
	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	27,233,965	272,339,650	27,233,965	272,339,650
	27,233,965	272,339,650	27,233,965	272,339,650
a) There have been no changes in equity shares outstanding during the current and previous years.				
b) Shareholders holding more than 5% of the shares of the Company				
Equity shares of ₹10 each				
Mr. Chander K Baljee	12,029,560	120,295,600	11,921,090	119,210,900
Baljees Hotels and Real Estates Private Limited	5,714,689	57,146,890	5,714,689	57,146,890
SBI Magnum Sector Funds Umbrella – Contra Fund	2,343,868	23,438,680	2,404,663	24,046,630
	20,088,117	200,881,170	20,040,442	200,404,420
c) Terms and rights attached to equity shares				
The Company has only one class of equity shares having a par value of ₹10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian Rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date				
The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2015. Further, the Company has not issued any shares without payment being received in cash.				
	As at 31 March 2015		As at 31 March 2014	
		₹		₹
4 Reserves and surplus				
Capital reserve		46,794,798		46,794,798
Foreign exchange earnings reserve		1,750,000		1,750,000
Securities premium account		1,130,684,095		1,130,684,095
General reserve				
Balance at the beginning of the year		102,383,740		101,593,740
Changes during the year		-		790,000
		102,383,740		102,383,740

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
4 Reserves and surplus (Contd.)		
Currency translation reserve		
Balance at the beginning of the year	26,632,690	8,980,235
Changes during the year	(7,378,168)	17,652,455
	19,254,522	26,632,690
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	133,610,076	516,904,106
Add: Loss for the year	(38,674,015)	(374,934,772)
Less: Depreciation on fully used assets due to adoption of schedule II of the Companies Act, 2013	(49,897,011)	-
Add: Deferred tax impact on depreciation on fully used assets due to adoption of schedule II of the Companies Act, 2013	8,451,466	-
Less: Interim dividend paid	-	(5,059,525)
Less: Tax on dividend distributed during the year	-	(1,719,733)
Less: Transfer of profits to reserves on payment of interim dividend	-	(1,580,000)
	53,490,516	133,610,076
	1,354,357,671	1,441,855,399

Note:

There has been no change in the capital reserve, foreign exchange earnings reserve and securities premium account during the previous and current years.

	As at 31 March 2015		As at 31 March 2014	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
5 Borrowings				
Secured				
Indian rupee term loans				
From banks	405,509,179	-	941,436,068	-
From a financial institution	383,744,825	-	110,499,972	-
Vehicle loan	9,205,798	-	9,291,844	-
Bank overdraft	-	24,875,171	-	65,145,169
	798,459,802	24,875,171	1,061,227,884	65,145,169
Less: Current maturities of long term debt	161,524,522	-	318,940,583	-
	636,935,280	24,875,171	742,287,301	65,145,169
Unsecured				
From a director	-	2,500,000	-	65,344,495
From a related party	-	58,000,000	-	58,000,000
From other parties	7,501,212	9,963,087	7,878,822	73,460,214
18% Compulsorily Convertible Debentures of ₹ 100 each (refer note (xii))	5,000,000	-	-	-
	12,501,212	70,463,087	7,878,822	196,804,709
	649,436,492	95,338,258	750,166,123	261,949,878

Notes to the consolidated financial statements for the year ended 31 March 2015

Notes:

I) Details of terms of repayment, guarantee and security for term loans from banks

- (i) The Holding Company has availed a term loan from Tourism Finance Corporation of India Limited (TFCIL) for ₹ 500 million during December 2014 towards repayment of existing term loans availed from banks/financial institution and for renovation of Hotel Royal Orchid, Bangalore ('the hotel').

The loan is secured by exclusive first charge on all the fixed assets of the hotel and mortgage of leasehold rights of land alongwith the hotel building, both present and future. Further, the loan is secured by a first charge by way of hypothecation of all the movables pertaining to the hotel. Additionally, the loan is secured by a personal guarantee of Mr. Chander K Baljee, Managing Director.

The term loan is repayable in 36 quarterly instalments commencing from 15 October 2015, which ranges from ₹12.50 million - ₹ 15.50 million and bear annual interest rate at TFCI Base Rate (currently at 12.75%) plus 1.25% i.e. 14%.

The term loan balance outstanding as at 31 March 2015 is ₹ 383.74 million (31 March 2014: ₹ Nil)

- (ii) The Holding Company was sanctioned term loans from State Bank of Hyderabad for ₹ 65 million and ₹ 129.50 million during April 2009 to finance repairs, renovation, refurbishment and maintenance for Hotel Ramada, Bangalore and Royal Orchid Central, Pune respectively.

Pursuant to the Corporate Debt Restructuring, the above term loans had been rescheduled and were repayable in 18 quarterly instalments commencing from 30 June 2014 and bear interest rates ranging between 13% - 17.60%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 49.30 million).

- (iii) The Holding Company was sanctioned a term loan from IDBI Bank Limited for ₹ 400 million during March 2010 to finance repairs, renovation, refurbishment and maintenance for the existing hotels.

Pursuant to the Corporate Debt Restructuring, the term loan had been rescheduled and was repayable in 18 quarterly instalments commencing from 30 June 2014 and bear interest rates ranging between 13% - 16.25%.

During the year, the Holding Company has prepaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 285 million).

- (iv) The Holding Company was sanctioned a term loan from Tourism Finance Corporation of India Limited for ₹ 250 million during July 2011 towards expansion in hospitality sector.

Pursuant to the Corporate Debt Restructuring, the term loan had been rescheduled and was repayable in 18 quarterly instalments commencing from 30 June 2014 and bear interest rates ranging between 13% - 15.50%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 110.49 million).

5 Borrowings

- (v) During the year ended 31 March 2008, Icon Hospitality Private Limited ("Icon") availed a term loan facility of ₹ 450 million from State Bank of Hyderabad and State Bank of Travancore [herein referred as SBH Consortium] for acquisition of the hotel premises. The loan is repayable in 32 quarterly instalments ending in September 2015 and bears interest rates ranging between 15.7% and 16.75%. The loan is secured by way of pari passu charge in favour of SBH Consortium equitable mortgage of the hotel property and a first charge on all movable fixed assets of Icon, both present and future. Additionally, these borrowings are secured by the personal guarantees of the Directors of Icon, i.e. - Mr. Chander K Baljee, Mr. Dayanand Pai and Mr. Satish Pai. The balance outstanding as at 31 March 2015 is ₹ 156.83 million (31 March 2014: ₹ 198.36 million).

- (vi) During the year ended 31 March 2009, Maruti Comforts & Inn Private Limited ("Maruti") has availed a term loan facility of ₹ 120 million from State Bank of Hyderabad. The loan is repayable in 20 quarterly instalments and bears floating interest rate of 14.90% during the year. This loan is secured by way of first charge on all fixed assets of Maruti including equitable mortgage of lease hold rights of land and building. Additionally these borrowings are secured by the personal guarantees of the Directors of Maruti, i.e. Mr Chander K Baljee and Mr Ravi S. Doddi. The balance outstanding as at 31 March 2015 - ₹ 7.50 million (31 March 2014 - ₹ 36.07 million).

- (vii) During the year ended 31 March 2009, Cosmos Premises Private Limited ("Cosmos") was sanctioned ₹ 100 million of term loan facility by State Bank of Hyderabad. The loan is repayable in 24 quarterly instalments commencing from September 2009 and bears floating interest rate of 14% during the year. The loan is secured against an equitable mortgage of specified property of Cosmos and guarantees by Royal Orchid Hotels Limited and Vascon Engineers Limited. The balance outstanding as at 31 March 2015 is ₹ 2.79 million (31 March 2014: ₹ 24.28 million).

Notes to the consolidated financial statements for the year ended 31 March 2015

- viii During the year ended 31 March 2010, Ksheer Sagar Developers Private Limited ("KSDPL") availed a term loan of ₹ 700 million from IDBI Bank Limited. The term loan is secured by way of first mortgage/charge on all movable and immovable assets of KSDPL, a corporate guarantee of Royal Orchid Hotels Limited (Joint Venturer) and the personal guarantee of Mr. Jagdish Prasad Tambi (Director of KSDPL). The loan is repayable in 84 monthly instalments ending on March 2019 and bears interest rate of 14.75%. The balance outstanding as at 31 March 2015 is ₹ 238.38 million (31 March 2014 - ₹ 289 million).
- ix During the year ended 31 March 2011, Amar Tara Hospitality Private Limited ("Amar Tara") availed a term loan facility of ₹ 900 million from Axis Bank Limited. The loan was repayable in 33 quarterly instalments ending on March 2022 and bears interest rate of 13.75%. The loan was secured by way of first charge on the fixed assets, current assets of Amar Tara and the guarantees of Royal Orchid Hotels Limited and Amar Tara Private Limited. During the year, the Company has repaid the entire term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 59.43 million). During the year, the Company has repaid the term loan and the balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 59.43 million).
- x The Holding Company was sanctioned overdraft facility by State Bank of Hyderabad for ₹ 40 million bearing an interest rate of 13.45% has been repaid during the year. The overdraft balance outstanding as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 40.04 million).
- Icon was sanctioned overdraft facility from State Bank of Hyderabad bearing an interest rate of 15% on a floating basis and is secured by hypothecation of current assets of Icon which include stocks, receivables etc. In addition, there is extension of charge on the fixed assets of the hotel property including equitable mortgage of land and hotel building of Icon. Further, the directors Mr. Chander K Baljee, Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantee as security to the bank. The overdraft balance outstanding as at 31 March 2015 is ₹ 24.87 million (31 March 2014 - ₹ 25.11 million).
- xi The vehicle loans are secured by the hypothecation of the vehicles concerned and bear interest rate of 10% - 12% p.a.. The aforesaid vehicle loan is repayable in monthly installments from July 2010 to July 2019
- xii Compulsorily Convertible Debentures are convertible at par on or before 5 years at the option of the Debenture Holder from the date of allotment i.e. 27 January 2015.
- xiii The unsecured loans are repayable on demand and bear interest rate of 18% p.a.
- xiv The current portion of the secured loans where instalments are due within one year have been classified as "current maturities of long term debt" under other current liabilities.

II) Corporate Debt Restructuring ("CDR")

The Holding Company had executed a Corporate Debt Restructuring (CDR) scheme under the CDR mechanism of the Reserve Bank of India (RBI) in March 2013. In accordance with the approved CDR scheme, the Company executed a Master Restructuring Agreement (MRA) with the lenders on 28 March 2013, with an effective date of 01 October 2012. On December 2013, the Company had applied to the CDR cell for exiting the CDR scheme.

During the year, the Holding Company has prepaid the existing term loan covered under CDR scheme amounting to ₹ 333.64 million (2013-2014: ₹ 1,105.05 million) . In respect of which, the Company has recorded a recompense fee of ₹ 1.64 million (2013-14: ₹ 10.08 million). The balance outstanding towards recompense fee payable as at 31 March 2015 is ₹ Nil (31 March 2014 - ₹ 6.78 million).

As at 31 March 2015, all the charges created against the existing term loans covered under CDR scheme stands released.

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
6 Deferred tax liability (net)		
Deferred tax liabilities on		
Depreciation and amortisation	72,885,182	109,441,740
	72,885,182	109,441,740
Deferred tax assets on		
Carry forward losses (refer note below)	36,701,452	53,823,209
Provision for employee benefits	10,651,568	10,668,708
Provision for doubtful debts	8,880,427	9,115,771
	56,233,447	73,607,688
	16,651,735	35,834,052

Note:

In view of unabsorbed depreciation and carry forward business losses under tax laws, the Holding Company, certain subsidiaries and its jointly controlled entities are unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard (AS)-22, Accounting for Taxes on Income. Accordingly, deferred tax asset has been recognised to the extent of deferred tax liabilities as at 31 March 2015 as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset (net) can be realised.

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
7 Other long term liabilities		
Lease rent equalisation	13,411,750	10,742,410
Advance received from a contractor	4,250,000	4,250,000
	17,661,750	14,992,410

	As at 31 March 2015		As at 31 March 2014	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
8 Provisions				
Employee benefits				
Gratuity	15,967,621	2,185,206	14,948,273	2,161,003
Compensated absences	-	11,335,355	-	10,204,266
Others	-	2,498,969	-	648,000
	15,967,621	16,019,530	14,948,273	13,013,269

Employee benefits

Gratuity

In accordance with applicable Indian laws, the Group and its jointly controlled entities provide for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment.

The Group and its jointly controlled entities provide has provided for the gratuity liability (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

Notes to the consolidated financial statements for the year ended 31 March 2015

	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Gratuity		
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	17,109,276	17,178,354
Service cost	3,984,214	4,105,449
Interest cost	1,531,255	1,342,599
Actuarial (gain)	(4,180,183)	(4,936,965)
Benefits paid	(291,735)	(580,160)
Liability recognised in the Balance Sheet	18,152,827	17,109,276
Components of net gratuity costs are		
Service cost	3,984,214	4,105,449
Interest cost	1,531,255	1,342,599
Recognised net actuarial (gain)	(4,180,183)	(4,936,965)
Expense recognised in the Statement of Profit and Loss under note 20	1,335,286	511,082
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	18,152,827	17,109,276
Liability recognised in the Balance Sheet	18,152,827	17,109,276
Assumptions used for Gratuity and Compensated absences		
Discount rate	7.80%	9.00%
Rate of return on plan assets	N/A	N/A
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Retirement age	55 years	55 years
Mortality rates	100% of IAL	100% of IAL

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

IAL: Indian Assured Lives Mortality (2006-08) modified Ult.

Experience adjustments:	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
	₹	₹	₹	₹	₹
Defined Benefit Obligation	18,152,827	17,109,276	17,178,355	13,862,165	13,741,780
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	18,152,827	17,109,276	17,178,355	13,862,165	13,741,780
Experience adjustments on liabilities:	6,397,986	2,418,633	2,317,596	3,467,747	905,358
Experience adjustments on plan assets:	-	-	-	-	-

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
9 Trade payables		
Creditors (refer note (b))	152,401,713	152,184,276
	152,401,713	152,184,276

Note:

Based on the information available with the Group and its jointly controlled entities, there are no outstanding dues in respect of Micro, Small and Medium enterprises at the Balance Sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available to the Company. This has been relied upon by the auditors.

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
10 Other current liabilities		
Current maturities of long term debt	161,524,522	318,940,583
Interest accrued and due on secured loan	19,755,804	32,546,317
Interest accrued but not due on secured loan	2,502,227	-
Interest accrued and due on unsecured loans	13,055,233	28,647,183
Interest accrued on Compulsorily Convertible Debentures	142,028	-
Unclaimed dividends (refer note (a) below)	702,722	929,258
Debenture application money pending allotment	22,987,427	-
Accrued expenses	60,424,029	44,511,559
Dues to employees	48,581,676	44,767,898
Statutory dues	65,607,057	43,736,699
Advance received from customers	45,526,679	26,375,107
Book overdraft	21,315,582	15,603,178
Project creditors (including retention money payable)	39,867,104	45,863,347
Other liabilities	18,093,994	24,796,612
	521,826,305	642,202,407

Note:

- a) The Company has transferred an amount of ₹ 226,536 (31 March 2014 : 317,505) to Investor Education and Protection Fund during the year.

11. Tangible assets (Amount in ₹)

Particulars	Land (Freehold)	Leasehold buildings (including improvements)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross block								
Balance as at 01 April 2013	1,575,768,221	1,931,414,231	1,123,177,178	763,944,067	60,144,942	92,300,419	67,920,267	5,614,669,325
Additions	16,743,097	16,472,545	5,483,058	2,519,287	2,490,193	297,414	609,814	44,615,408
Disposals/adjustments	603,815,080	871,286,548	308,150,286	358,468,243	4,336,373	2,683,945	19,487,384	2,168,227,859
Balance as at 31 March 2014	988,696,238	1,076,600,228	820,509,950	407,995,111	58,298,762	89,913,888	49,042,697	3,491,056,874
Additions	-	3,498,013	8,508,629	4,275,579	7,254,291	2,081,213	1,103,806	26,721,531
Disposals/adjustments	6,949,019	509,820	6,910,355	13,818,885	4,300,478	1,038,772	904,204	34,431,533
Balance as at 31 March 2015	981,747,219	1,079,588,421	822,108,224	398,451,805	61,252,575	90,956,329	49,242,299	3,483,346,872
Accumulated depreciation								
Balance as at 01 April 2013	14,798,798	252,335,380	257,449,192	341,204,213	28,967,292	29,213,026	36,211,312	960,179,213
Charge for the year	2,159,818	57,084,653	60,102,878	113,574,158	6,726,255	4,513,708	6,951,648	251,113,118
Reversal on disposal/adjustments	3,545,331	35,421,626	32,119,073	155,922,629	1,726,541	1,276,532	4,492,667	234,504,399
Balance as at 31 March 2014	13,413,285	273,998,407	285,432,997	298,855,742	33,967,006	32,450,202	38,670,293	976,787,932
Charge for the year	2,159,818	33,064,116	59,666,367	30,765,322	8,762,070	2,936,694	8,097,873	145,452,260
Reversal on disposal/adjustments	-	509,820	2,187,580	12,159,345	4,268,944	878,817	872,786	20,877,292
Depreciation on fully used assets due to adoption of Schedule II of Companies Act, 2013.	-	953,160	180,520	19,946,370	1,516,488	53,587,207	1,720,451	77,904,196
Balance as at 31 March 2015	15,573,103	307,505,863	343,092,304	337,408,089	39,976,620	88,095,286	47,615,831	1,179,267,096
Net block								
Balance as at 31 March 2014	975,282,953	802,601,821	535,076,953	109,139,369	24,331,756	57,463,686	10,372,404	2,514,268,942
Balance as at 31 March 2015	966,174,116	772,082,558	479,015,920	61,043,716	21,275,955	2,861,043	1,626,468	2,304,079,776

Note:

The estimated useful lives of fixed assets have been revised in accordance with Schedule II to the Companies Act 2013, with effect from April 1, 2014. Pursuant to the above mentioned changes in useful lives, the depreciation expense of current year is higher by ₹ 23,729,049 and for the assets whose revised useful lives have expired prior to March 31, 2014, the net book value of ₹ 49,897,011 and ₹ 28,007,185 has been deducted from the retained earnings and minority earnings respectively.

As at 31 March 2015, the net-worth of a jointly controlled entity is eroded and the construction project of a subsidiary company has been kept in abeyance with significant delays. The aforesaid internal factors indicate existence of a potential impairment of fixed assets in jointly controlled entities and a subsidiary.

The management performed detailed assessment as required under Accounting Standard (AS)-28, Impairment of Assets, and obtained the valuation report from an external independent valuation expert. Based on the valuation report (that uses replacement value method) and based on the long-term business strategy and plans, the management believes that the recoverable amount of the cash generating unit exceeds the carrying value of fixed assets for the jointly controlled entities and a subsidiary respectively. Accordingly, no provision for impairment is recorded in the consolidated financial results.

Notes to the consolidated financial statements for the year ended 31 March 2015

12 Intangible assets

(Amount in ₹)

Particulars	Computer Software	Total
Gross block		
Balance as at 01 April 2013	4,148,945	4,148,945
Additions	205,080	205,080
Disposals	1,216,475	1,216,475
Balance as at 31 March 2014	3,137,550	3,137,550
Additions	307,616	307,616
Disposals	-	-
Balance as at 31 March 2015	3,445,166	3,445,166
Accumulated amortisation		
Balance as at 01 April 2013	1,419,031	1,419,031
Amortisation for the year	727,790	727,790
Reversal on disposals	263,642	263,642
Balance as at 31 March 2014	1,883,179	1,883,179
Amortisation for the year (refer note 23)	711,095	711,095
Reversal on disposals	-	-
Balance as at 31 March 2015	2,594,274	2,594,274
Net block		
Balance as at 31 March 2014	1,254,371	1,254,371
Balance as at 31 March 2015	850,892	850,892
	As at 31 March 2015	As at 31 March 2014
	₹	₹

13 Non-current investments
(Valued at cost, unless stated otherwise)

Long-term, non-trade investments in government securities (unquoted)

National savings certificate	225,000	225,000
	225,000	225,000

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015		As at 31 March 2014	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
14 Loans and advances				
(Unsecured, considered good)				
Advances to suppliers	-	12,867,798	-	13,725,861
Security deposits (₹ 70 million (31 March 2014: ₹ 70 million) from related parties)	246,540,642	15,403,500	248,953,040	15,857,768
Dues from related parties (refer note 26)	10,633,906	-	109,578,143	-
Dues from a director	-	-	-	11,100,000
Interest accrued on Compulsorily Convertible Debentures from a jointly controlled entity	-	2,517,585	-	-
Interest accrued and due on deposits	2,780,306	330,279	2,154,175	5,231,608
Prepaid expenses	27,294,098	17,841,472	28,422,962	18,514,238
Advance tax, net of provision	76,607,481	-	67,274,715	-
MAT credit entitlement	22,200,000	1,429,068	3,077,025	5,538,133
Advances due from employees	-	1,578,846	-	1,938,311
Project advances	380,981	2,882,057	293,962	5,169,160
Others	373,100	10,398,057	2,760,718	12,408,091
	386,810,514	65,248,662	462,514,740	89,483,170

15 Inventories

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
Food and beverages	13,999,841	15,005,338
Stores and spares	6,405,313	5,417,522
	20,405,154	20,422,860

16 Trade receivables

	As at 31 March 2015 ₹	As at 31 March 2014 ₹
Other debts		
Unsecured, considered good	154,628,826	124,023,170
Unsecured, considered doubtful	28,856,353	31,776,388
	183,485,179	155,799,558
Less: Provision for doubtful debts	28,856,353	31,776,388
	154,628,826	124,023,170

Notes to the consolidated financial statements for the year ended 31 March 2015

17 Cash and bank balances

Cash and cash equivalents

Balances with banks

- in current accounts

- in deposit accounts (with maturity upto 3 months)

Cash on hand

Year ended 31 March 2015	Year ended 31 March 2014
₹	₹
87,319,711	160,829,783
26,836,638	183,167,522
4,200,918	5,203,409
118,357,267	349,200,714

Other bank balances

Balances with banks

- in deposit accounts (with maturity more than 3 months but less than 12 months)

-Unpaid dividend account

22,185,281	26,861,768
702,722	929,258
22,888,003	27,791,026
141,245,270	376,991,740

18 Revenue from operations

From sale of services at hotels

- Room nights

- Food and beverages

- Other services

From managed hotels

Year ended 31 March 2015	Year ended 31 March 2014
₹	₹
848,402,767	825,651,231
519,125,587	500,788,125
47,483,371	51,497,966
62,532,950	42,463,689
1,477,544,675	1,420,401,011

19 Other income

Interest income

- from bank deposits

- from loans to jointly controlled entities

Interest on Compulsorily Convertible Debentures

- from jointly controlled entities

Termination fee from a management contract (refer note 32)

Gain on sale of fixed assets, net

Provision no longer required written back

Miscellaneous

Year ended 31 March 2015	Year ended 31 March 2014
₹	₹
12,876,356	23,517,213
-	-
	-
2,797,315	-
20,000,000	-
-	163,415
909,868	4,153,447
16,378,627	31,189,528
52,962,166	59,023,603

Notes to the consolidated financial statements for the year ended 31 March 2015

20 Food and beverages consumed

	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Opening stock	15,005,338	16,522,802
Add : Purchases during the year	189,895,019	176,226,519
	204,900,357	192,749,321
Less : Closing stock	13,999,841	15,005,338
	190,900,516	177,743,983

21 Employee benefits expense

	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Salaries and bonus	305,065,032	268,910,739
Contribution to provident and other funds	18,151,374	13,522,131
Staff welfare expenses	29,269,718	30,837,040
	352,486,124	313,269,910

22 Finance costs

	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Interest expenses		
‘- on term loans (including recompense fee of (₹ 1.64 million (31 March 2014: ₹ 10.08 million))	87,190,191	133,123,560
- on unsecured loans	48,924,169	31,017,606
- on overdraft	10,570,745	7,046,550
- on vehicle loans	8,991,714	8,953,626
Bank charges	7,826,241	12,680,661
	163,503,060	192,822,003

23 Depreciation and amortisation (refer note 32)

	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Depreciation (refer note 11)	145,452,260	137,886,524
Amortisation (refer note 12)	711,095	595,969
	146,163,355	138,482,493

Notes to the consolidated financial statements for the year ended 31 March 2015

	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
24 Other expenses		
Guest transportation	10,878,378	7,195,129
Linen and room supplies	29,916,975	25,853,347
Catering and other kitchen supplies	16,118,062	16,164,109
Cablenet charges	7,143,865	12,973,905
Uniform washing and laundry	16,215,800	14,468,943
Music and entertainment	6,482,080	8,893,568
Banquet expenses	53,905,622	49,907,064
Power, fuel and water	148,381,068	142,220,994
Management fee	316,235	8,418,416
Garden, landscaping and decoration	2,160,204	1,922,318
Security charges	13,403,418	12,525,934
Communication and stationery	25,937,189	25,252,060
Subscription charges	8,970,780	10,413,539
Rent	144,668,656	137,855,206
Repairs and maintenance		
- Buildings	21,427,748	13,116,259
- Plant and equipment	17,595,815	18,347,002
- Others	15,973,183	13,462,842
Insurance	5,533,766	6,987,888
Commission, brokerage and discount	27,245,784	29,120,233
Rates and taxes	35,713,029	36,327,127
Legal and professional	37,330,644	29,604,647
Travelling and conveyance	24,978,800	20,076,907
Advertisement and business promotion	25,455,156	28,251,415
Provision for doubtful debts	3,712,947	4,670,085
Directors' sitting fees	1,035,000	670,000
Royalty	2,787,349	2,828,690
Assets written off	13,554,242	20,299,243
Provision for doubtful advances/deposits	-	5,033,533
Advances written off	-	1,666,571
Miscellaneous	15,777,787	17,078,777
	735,359,962	721,605,751
25 Earnings per share		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net profit after tax attributable to equity shareholders in ₹	(38,674,015)	(374,934,772)
Basic and diluted earnings per share in ₹	(1.42)	(13.77)
Nominal value per equity share in ₹	10	10
26 Related parties		
i. Key Management Personnel (KMP)		
Mr. Chander K Baljee		
ii. Relatives of KMP		
Mrs. Sunita Baljee		
Mr. Arjun Baljee		
Mr. Keshav Baljee		

iii. The transactions with related parties for the year are summarised below:

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014
Management and technical fee income Ksheer Sagar Developers Private Limited	5,685,379	4,363,147	-	-	-	-	-	-
Interest income on investments in Compulsorily Convertible Debentures Ksheer Sagar Developers Private Limited	2,797,315	-	-	-	-	-	-	-
Interest expense on loans taken Baljees Hotels and Real Estate Private Limited Mr. Chander K Baljee	-	-	862,397	900,000	-	-	8,190,000	10,440,000
Repayment of loans taken Baljees Hotels and Real Estate Private Limited Mr. Chander K Baljee	-	-	2,500,000	-	-	-	50,000,000	-
Unsecured loan taken Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	50,000,000	-
Remuneration (refer note below) Mr. Chander K Baljee	-	-	19,210,000	4,800,000	-	-	-	-
Rental expense Baljees Hotel and Real Estates Private Limited Hotel Staylonger Private Limited	-	-	-	-	-	-	24,000,000 6,000,000	24,000,000 6,000,000

(Amounts in ₹)

26 Related parties (Cont'd)

iv. Balances (payable to)/receivable from related parties are summarised below:

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Technical and management fees receivable Ksheer Sagar Developers Private Limited	13,782,988	8,708,071	-	-	-	-	-	-
Loan payable Baljees Hotels and Real Estate Private Limited Mr. Chander K Baljee	-	-	-	-	-	-	(58,000,000)	(58,000,000)
Interest payable on loans availed Baljees Hotels and Real Estate Private Limited Mr. Chander K Baljee	-	-	(2,500,000)	(5,000,000)	-	-	-	-
Interest receivable on investments in Compulsorily Convertible Debentures Ksheer Sagar Developers Private Limited	2,517,584	-	(2,686,496)	(1,910,338)	-	-	(2,903,769)	(1,282,509)
Dues from/(to) a director, net Mr. Chander K Baljee Mrs. Sunita Baljee	-	-	(690,448)	9,922,977	(45,161)	(45,161)	-	-
Rent payable Baljees Hotel and Real Estates Private Limited Hotel Staylonger Private Limited	-	-	-	-	-	-	(6,958,918)	(3,717,518)
	-	-	-	-	-	-	(4,701,028)	(2,459,428)

(Amounts in ₹)

26 Related parties (Cont'd)

iv. Balances (payable to)/receivable from related parties are summarised below (Cont'd):

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Security deposit given Hotel Staylonger Private Limited Mr. Chander K Bajjee	- -	- -	- 60,000,000	- 60,000,000	- -	- -	10,000,000 -	10,000,000 -
Security deposit payable Presidency college of Hotel Management	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Corporate guarantee taken outstanding Bajjees Hotel and Real Estates Private Limited	-	-	-	-	-	-	390,000,000	390,000,000
Personal guarantee taken outstanding Mr. Chander K Bajjee Mr. Keshav Bajjee	- -	- -	1,529,000,000 700,000,000	1,529,000,000 700,000,000	- -	- -	- -	- -
Corporate guarantee issued outstanding Ksheer Sagar Developers Private Limited	700,000,000	700,000,000	-	-	-	-	-	-

Note:

During the previous year ended, the Company has paid remuneration payable to the Managing Director in excess of the limits defined in the Schedule XIII of Companies Act, 1956 amounting to INR 11,100,000. These amounts have been approved by the shareholders of the Company. The Company had applied for the necessary approvals which are awaited, pending which these amounts had been disclosed as recoverable from him. 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 year ended 31 March 2015. The excess of ₹ 3.89 million was adjusted to the amount payable to the MD during the fiscal 2015.

27 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Sl. No.	Name of the entity	Net Assets		Share in Profit/(Loss)	
		As a % of consolidated net assets	Amount	As a % of consolidated profit/(loss)	Amount
Parent					
1	Royal Orchid Hotels Limited	12.62%	205,258,232	-108.40%	41,923,870
Indian subsidiaries					
1	Icon Hospitality Private Limited	13.41%	218,150,336	147.00%	(56,849,239)
2	AB Holdings Private Limited	0.66%	10,785,600	0.87%	(336,146)
3	Maruti Comforts & Inn Private Limited	7.92%	128,878,377	-4.01%	1,550,778
4	Royal Orchid Jaipur Private Limited	2.33%	37,869,666	12.40%	(4,794,048)
5	Amartara Hospitality Private Limited	20.26%	329,606,524	32.98%	(12,753,555)
6	Royal Orchid Hyderabad Private Limited	0.92%	15,015,711	-1.72%	664,716
7	Royal Orchid South Private Limited	-0.04%	(574,305)	-2.06%	797,133
8	Royal Orchid Associated Hotels Private Limited	3.23%	52,474,068	-4.25%	1,644,101
9	Royal Orchid Goa Private Limited	0.03%	472,631	-0.12%	46,710
10	Royal Orchid Maharashtra Private Limited	1.42%	23,146,441	0.15%	(58,323)
11	Royal Orchid Shimla Private Limited	0.03%	471,042	-0.16%	63,808
12	Royal Orchid Mumbai Private Limited	0.03%	435,744	0.03%	(10,189)
13	Cosmos Premises Private Limited	12.02%	195,501,077	-39.15%	15,141,139
Foreign subsidiary					
1	Multi Hotels Limited	10.30%	167,515,666	6.98%	(2,700,613)
Minority interest in all subsidiaries		-	-	-75.51%	29,202,113
Joint ventures - Indian					
1	Raj Kamal Buildcon Private Limited	2.98%	48,481,795	1.40%	(540,055)
2	Ksheer Sagar Developers Private Limited	5.92%	96,292,515	130.80%	(50,586,105)
3	JH Builders Private Limited	2.98%	48,434,091	1.40%	(540,055)
4	Ksheer Sagar Buildcon Private Limited	2.98%	48,482,110	1.40%	(540,055)
Total		100.00%	1,626,697,320	100.00%	(38,674,015)

Notes to the consolidated financial statements for the year ended 31 March 2015

28 Operating leases

The Company has taken various hotel properties and offices on cancellable and non-cancellable leases, which have tenures ranging from 11 months to 30 years. Some of these leases have an escalation in lease rental of 15% every 3-10 years and / or a share of annual revenues from such properties, in excess of pre-agreed limits.

The lease expense for cancellable and non-cancellable operating leases for the year ended is disclosed as rent under note 24.

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due	Year ended 31 March 2015	Year ended 31 March 2014
	₹	₹
Within one year	84,338,295	83,530,215
Later than one year but not later than five years	181,832,082	247,017,151
Later than 5 years	203,186,984	222,335,065
	469,357,361	552,882,431

29 Commitments and contingencies

a) Litigations

- i) The Company has been named as a defendant in two civil suits filed restraining the Company from using certain parts of land taken on lease from the Karnataka State Tourism Development Corporation ("KSTDC") for the operation of the Hotel Royal Orchid, Bengaluru, which are adjacent to the hotel premises. Consequently, these lands are currently not being utilised by the Company. These cases are pending with the Civil Courts and scheduled for hearings shortly. Management believes that these cases will be settled in its favour and will not adversely affect its operations.
- ii) The Company has been named as a defendant along with Cygnus Business Consulting & Research Private Limited in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff') restraining the alleged use of the trademark of the plaintiff by the Company since 1997. The plaintiff seeks a relief of a permanent injunction restraining the Company from using the trademark 'Orchid'. The plaintiff had filed an application seeking an interim injunction while the above proceedings are pending. The Bombay High Court vide its interim order dated 05 April 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated 06 May 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand. The Company during the previous year has obtained two favourable rulings from the Intellectual Property Appellate Board. The plaintiff has preferred to appeal the ruling of IPAB in Madras High Court during the year and the Company has filed a counter affidavit subsequently. The appeal is yet to come up for hearing in the Madras High Court.
- iii) The Company received tax demand including interest, from the Indian tax authorities for payment of tax of ₹ 19.87 million, arising on denial of certain expenditure, upon completion of tax assessment for the fiscal years ended 31 March 2011. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

The Company is contesting the above demands and the management believes that it is more-like-than-not that the advance tax receivables (net of provision) recorded in the financial statements towards the tax demands is recoverable. Considering the facts and nature of disallowances, the Company believes that the final outcome of the disputes should be in favour of the Company and will not have any material adverse effect on the financial position and results of operations.

- iv) During the year 2013-14, a Subsidiary Company had received order from Office of the Commissioner of Customs (Export) imposing differential duties and penalties amounting to ₹ 18,668,205 for certain alleged violations of the Export Promotion Capital Goods Scheme by the Company. The Company is in process of filing an appeal before the Hon'ble Tribunal, Mumbai. Based on a detailed evaluation and independent advice obtained, the management believes that the case will be settled in its favour. Accordingly, these consolidated financial statements do not include adjustments, if any, on the above account.

Notes to the consolidated financial statements for the year ended 31 March 2015

b) Guarantees

The Company has given guarantees to banks for loans sanctioned to subsidiaries, jointly controlled entities and an unrelated party amounting to ₹ 1,975,000,000 (31 March 2014: ₹ 1,975,000,000). The loans availed and outstanding as at 31 March 2015 - ₹ 529,557,432 (31 March 2014 - ₹ 661,710,580).

c) Export obligation

The Group has received various Export Promotion Capital Goods ('EPCG') licenses which entitles it to import capital goods at a concessional rate of duty. Against these imports the Group has an export obligation equal to eight times the duty amount saved. The Group's export turnover till date is in excess of this obligation.

30 Revaluation of assets

The land held by Ksheer Sagar Developers Private Limited, Raj Kamal Buildcon Private Limited, J. H. Builders Private Limited and Ksheer Sagar Buildcon Private Limited is on a lease for a period of 99 years which commenced on 19 January 2012. The leasehold land was revalued upwards on 30 June 2007 by an approved valuer and the resultant increase of ₹ 416,352,388 was credited to the land revaluation reserve in such year in the books of the above named companies.

31 Segment information

The Company's business comprises the operation of hotels and allied services, the services of which represents one business segment as they are subject to risks and returns that are similar to each other. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

32 Discontinuing operations

During previous year, the Company announced that it had executed a Business Transfer Agreement with Samhi Hotels Private Limited for sale of Hotel Regenta One, Hyderabad ('the unit') for a consideration of ₹ 1,796.48 million, including consideration towards working capital adjustment of ₹ 6.48 million. Accordingly, this unit is classified as a discontinuing operation. The carrying amounts of assets disposed and liabilities settled of the unit on 29 November 2013 ('the effective date') was ₹ 1,946.11 million and ₹ 29.65 million respectively, resulting in a loss on sale of the unit amounting to ₹ 132.94 million. The transfer of the unit was completed on the effective date after the necessary shareholder approvals. The net payable outstanding as at 31 March 2015 and 2014 towards working capital adjustment is ₹ 6.48 million and disclosed under note 10 with 'Others'.

For the period 01 April 2013 to 29 November 2013, the unit recorded operating revenues of ₹ 101.98 million and expenses of ₹ 347.65 million from ordinary activities, including depreciation and amortization of ₹ 113.36 and interest expense of ₹ 135.31 million, respectively, resulting in net loss from discontinuing operations of ₹ 245.66 million. The net cash flows of this unit from operating, investing and financing activities during the period are ₹ 150.77 million, ₹ 15.60 million (negative) and ₹ 135.53 million (negative), respectively.

Subsequently, the Company has executed a 'Hotels Operations Agreement' with the buyer for managing the unit effective 01 October 2013. During the year ended 31 March 2015, the Company has terminated the 'Hotel Operations Agreement' in lieu of termination fee of ₹ 20 million (refer note 19).

33 Comparatives

Prior year amounts have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Banthia**
Partner

Bengaluru
30 May 2015

**For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited**

Chander K Baljee
Managing Director

R V S Rao
Director

Amit Jaiswal
Chief Financial Officer

Payal Sharma
Company Secretary

Bengaluru
30 May 2015



Notice is hereby given that the **Twenty Ninth** Annual General Meeting of the Members of **ROYAL ORCHID HOTELS LIMITED** will be held on Tuesday, September 29, 2015 at 11.00 a.m. at the Registered Office of the Company at No. 1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bangalore - 560 008, to transact the following businesses:

ORDINARY BUSINESSES:

1. To consider and adopt:
 - (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
 - (b) the Audited Consolidated Financial Statement of the Company for the Financial year ended March 31, 2015.
2. To appoint a Director in place of Mr. Sunil Sikka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of 32nd Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT, pursuant to Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm's Registration No: 117366W/ W-100018 allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors M/s. Walker Chandio & Co. LLP, Chartered Accountants, Bangalore, having registration LLP No. N500013 allotted by ICAI, who shall hold office from the conclusion of this 29th Annual General Meeting for a term of consecutive five years till conclusion of the 34th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

SPECIAL BUSINESSES:

4. **To appoint Mrs. Sunita Baljee (DIN: 00080737) as a Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

“RESOLVED THAT Ms. Sunita Baljee, (holding DIN 00080737), appointed as an Additional Director of the Company under section 161 of the Companies Act, 2013 with effect from April 01, 2015 and who holds office upto the date of conclusion of this General Meeting pursuant to the applicable provisions of the Companies Act, 2013 including schedules and relevant rules thereof and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 and the rules thereof proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

5. **To alter the term of office of Mr. R. V. S. Rao (DIN: 00061599) as an Independent Director.**

To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 including any Schedules and the relevant Rules thereof (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) and subject to approval of the Central Government, if any, the approval and consent of the Members of the Company be and is hereby accorded for the alteration of appointment to the office of Independent Director of Mr. R.V.S. Rao (holding DIN 00061599), as an Independent Director, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as an Independent Director of the Company with effect from August 27, 2005 and whose term of office as an Independent Director was liable to determination by retirement of Directors by rotation, and further accorded that Mr. R. V. S. Rao shall continue to hold office of an Independent Director upto September 30, 2016, his term of office as an Independent Director shall not be liable to determination by retirement of Directors by rotation at such remuneration and on such terms and conditions approved by the Board or any Committee thereof, subject to all appropriate and/or authorized deductions as per the prevailing law(s).

RESOLVED FURTHER THAT the Board or any Committee thereof, be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

Notice

6. **To alter the term of office of Mr. Vijay K. Rekhi (DIN: 00191298) as an Independent Director.**

To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 including any Schedules and the relevant Rules thereof (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) and subject to approval of the Central Government, if any, the approval and consent of the Members of the Company be and is hereby accorded for the alteration of appointment to the office of Independent Director of Mr. Vijay K. Rekhi (holding DIN 00191298), as an Independent Director, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as an Independent Director of the Company with effect from July 06, 2011 and whose term of office as an Independent Director was liable to determination by retirement of Directors by rotation, and further accorded that Mr. Vijay K. Rekhi shall continue to hold office of an Independent Director upto September 30, 2016, his term of office as an Independent Director shall not be liable to determination by retirement of Directors by rotation at such remuneration and on such terms and conditions approved by the Board or any Committee thereof, subject to all appropriate and/or authorized deductions as per the prevailing law(s).

RESOLVED FURTHER THAT the Board or any Committee thereof, be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

7. **To alter the term of office of Mr. K. Jairaj (DIN: 01875126) as an Independent Director.**

To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 including any Schedules and the relevant Rules thereof (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) and subject to approval of the Central Government, if any, the approval and consent of the Members of the Company be and is hereby accorded for the alteration of appointment to the office of Independent Director of Mr. K. Jairaj (holding DIN 01875126), as an Independent Director, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as an Independent Director of the Company with effect from July 06, 2011 and whose term of office as an Independent Director was liable to determination by retirement of Directors by rotation, and further accorded that Mr. K. Jairaj shall continue to hold office of an Independent Director upto September 30, 2016, his term of office as an Independent Director shall not be liable to determination by retirement of Directors by rotation at such remuneration and on such terms and conditions approved by the Board or any Committee thereof, subject to all appropriate and/or authorized deductions as per the prevailing law(s).

RESOLVED FURTHER THAT the Board or any Committee thereof, be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

August 25, 2015

**For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited**

**Chander K Baljee
Managing Director**

Registered Office: No. 1, Golf Avenue, Adj KGA Golf Course,
HAL Airport Road, Bangalore – 560 008
CIN: L55101KA1986PLC007392
e-mail: cosec@royalorchidhotels.com/
investors@royalorchidhotels.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. THE INSTRUMENT OF APPOINTING THE PROXY/PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS (48 HRS) BEFORE THE COMMENCEMENT OF THE MEETING. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting. Only members or proxies will be admitted into the hall for the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 21, 2015 to Tuesday, September 29, 2015 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA. Further the members holding the shares in the physical form are advised to dematerialize their shares to avoid the risk associated with the physical holding of such share certificates.
7. As per Rule 3 of Companies (Management and Administration) Rules, 2014 Register of Members of all the Company now should have additional details pertaining to E-mail ID, PAN, CIN/UID, Occupation/Status, Nationality. Members holding shares in electronic form/physical form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts or to Company / RTA as the case may be and participate in the Green initiative launch by the Ministry of Corporate Affairs in future.
8. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed form SH-13 with the Companies Registrar and Transfer Agent. In respect of shares held in demat form the nomination form may be filed with respective depository participant.
9. Electronic copy of the notice of the 29th Annual General Meeting inter-alia indicating the process and manner of E-voting with attendance slip, proxy form and ballot forms is being sent to all members whose e-mail IDs are registered with the Company/ RTA/DP for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. , from the Company electronically.
10. The business set out in the Notice will be transacted through remote electronic voting system and the Company is providing facility for voting by electronic means. Instructions and procedure relating to remote E-voting are given under notes to NOTICE point no 13 which inter alia would contain details about User ID and password along with a copy of this Notice to the members. The Company is also providing the facility of voting at the time of Meeting through ballot paper, however the members who have voted through remote E-voting facility shall be restricted to vote through ballot paper.
11. The explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
12. Relevant documents referred to in the accompanying Notice and the Statement shall be kept open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

13. Remote E-Voting Procedure

1. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and amendments to clause 35B of the Listing Agreement vide Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 the Company is pleased to provide members whose names appear in the register of members/list of beneficial owners as on Tuesday, September 22, 2015 ("cut-off date") facility to exercise their right to vote by electronic means at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through remote E-voting services provided by Central Depository Services (India) Limited (CDSL).
2. The voting period begins on, Friday, September 25, 2015 at 9.30 a.m. and ends on Monday, September 28, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, September 22, 2015, may cast their vote electronically. The remote E-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. Mr. G. Shanker Prasad, Company Secretary in whole-time practice has been appointed as the Scrutinizer to scrutinize the remote E-voting/ballot papers process in a fair and transparent manner.
4. The scrutinizer shall declare the consolidated scrutinizer report not later than three days of conclusion of the meeting i.e., 01-10-2015.

5. Steps to cast E-vote:

- i. Log on to the e-voting website www.evotingindia.com
- ii. Click on "Shareholders" tab to cast your votes.
- iii. Now, select the Electronic Voting Sequence Number – "EVSN" along with "Royal Orchid Hotels Limited" from the drop down menu and click on "SUBMIT".
- iv. Now, fill up the following details in the appropriate boxes:

	For members holding shares in demat form	For members holding shares in physical form
User ID	For CDSL: 16 digit beneficiary ID For NSDL: 8 Character DP ID followed by 8 Digits Client ID	Folio Number registered with the Company

Notice

- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. **First time Users have to follow steps:**

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
 - ix. Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
 - x. Click on the relevant EVSN on which you choose to vote. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired, the option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xi. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - xii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
6. If Demat account holder has **forgotten the same password** then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

7. Note for Institutional Shareholder:

- i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- iii. After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- iv. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- v. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- vi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or send email to Company at inverst@royalorchidhotels.com or contact the Company or Registrar and Share Transfer Agent.
- vii. The result of voting shall be declared by the Chairman of the meeting on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.royalorchidhotels.com and will be communicated to the NSE Ltd. and BSE Ltd.

August 25, 2015

For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited

Chander K Baljee
Managing Director

Statement annexed to notice pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business mentioned in the notice of the twenty ninth Annual General Meeting of the Company.

Item no. 3

The Statutory Auditors, M/s. Walker Chandio & Co. LLP, Chartered Accountants, Bangalore (LLP No. N500013) have intimated their unwillingness to be re-appointed as the auditor's of the Company. The Board proposes to appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as the statutory auditors of the Company. This change is in order to remain at the fore front of good governance and in recognition of regulatory changes in India. A Special notice has been received under section 140(4)(i) of the Companies Act, 2013 from a member proposing appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Form's Registration No. 117366W/W-100018) as the statutory auditors.

The Audit Committee has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing the Special Resolution appointing M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm's Registration No. 117366W/ W-100018) as statutory auditors in place of the retiring auditors M/s. Walker Chandio & Co. LLP, Chartered Accountants, Bangalore (LLP No. N500013). Consent of the proposed auditors together with the certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 3 of the Notice.

Note to item no. 4

Mrs. Sunita Baljee

As per the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement, the Company should have at least one woman director. Ms. Sunita Baljee was appointed as an Additional Director of the Company with effect from April 1, 2015 by the Board of Directors under Section 161 of the Act. In terms of Section 161(1) of the Act, Ms. Sunita Baljee holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Ms. Sunita Baljee's appointment as a Director.

The Company has received notice under section 160 of the Companies Act, 2013 from a member proposing the appointment of Ms. Sunita Baljee along with the prescribed deposit of Rs. 1,00,000/-. Ms. Sunita Baljee is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Brief profiles of Ms. Sunita Baljee is provided in Annexure I and also available on www.royalorchidhotels.com

Ms. Sunita Baljee may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of her appointment as a Director.

Save and except Ms. Sunita Baljee and Mr. Chander Kamal Baljee, Mr. Sunil Sikka, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Note to item no. 5, 6, 7

Mr. R.V.S. Rao, Mr. K. Jairaj and Mr. Vijay K Rekhi, were appointed as Independent Directors, who were liable to retire by rotation as Independent Directors of the Company. However, as per provisions of Section 149 of Companies Act, 2013 (which has been notified with effect from April 1, 2014), the Independent Directors shall not retire by rotation.

Hence, to formalize the terms of appointment in term of the provisions of Section 149 and 152 and relevant rules thereof, it is proposed to alter the terms of appointment of Mr. R.V.S. Rao, Mr. K. Jairaj and Mr. Vijay K Rekhi with respect to their term of office as Independent Directors and all other terms being unaltered. Accordingly, the Independent directors continue to hold the office of Independent Director upto September 30, 2016 and shall not be subject to retire by rotation.

Accordingly, your Directors recommend the passing of the resolutions as specified in Item No. 5, 6 & 7 of the notice convening the Twenty Ninth Annual General Meeting. No Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise other than Mr. R.V.S. Rao, Mr. K. Jairaj and Mr. Vijay K Rekhi (along with their respective relatives), who are interested in or concerned in the aforesaid resolution. In the opinion of the Board Mr. R.V.S. Rao, Mr. K. Jairaj and Mr. Vijay K Rekhi fulfils the conditions specified under the applicable provisions of the Companies Act, 2013 including any Schedules and the relevant Rules thereof (including any statutory modification(s) or re-enactment thereof).

ANNEXURE I

Details of the Directors seeking appointment / re-appointment / alter in their tenure at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of the Director	Mrs. Sunita Baljee
Current Designation	Non-Executive Director

Notice

Date of Birth	31-08-1954
Date of Appointment	01-04-2015
Qualification	MBA
Expertise in specific functional areas	Vast experience in Hospitality Industry
List of other Companies in which she is a Director	Royal Orchid Hyderabad Pvt. Ltd. Cosmos Premises Pvt. Ltd. Hotel Stay Longer Pvt. Ltd. Harsha Farms Pvt. Ltd. Royal Orchid West Pvt. Ltd. Royal Orchid Resorts Pvt. Ltd.
Chairman / Member of the Committees of other Companies in which she is a Director	Nil
Shareholding in the Company	226260

Name of the Director	Mr. Sunil Sikka
Current Designation	Whole-time Director
Date of Birth	24-08-1958
Date of Appointment	30-09-2000
Qualification	Post Graduate in Commerce
Expertise in specific functional areas	Vast experience in Export Industry
List of other Companies in which he is a Director	India Exposition Mart Limited
Chairman / Member of the Committees of other Companies in which he is a Director	Nil
Shareholding in the Company	Nil

Name of the Director	Mr. R. V. S. Rao
Current Designation	Independent Director
Date of Birth	15-03-1944
Date of Appointment	27-08-2005
Qualification	Commerce and Law Graduate
Expertise in specific functional areas	Vast experience in Finance, Banking and Management Functions
List of other Companies in which he is a Director	Icon Hospitality Private Limited Puravankara Projects Limited Sobha Limited Compassites Software Solutions Private Limited MG Capital Management L. P., New York Sobha Developers (Pune Ltd.)
Chairman / Member of the Committees of other Companies in which he is a Director	Audit Committee Puravankara Projects Limited – Member Sobha Developers Limited – Chairman Remuneration Committee Sobha Developers Limited – Member Investors Grievance Committee Puravankara Projects Limited – Chairman Compensation Committee Puravankara Projects Limited – Member
Shareholding in the Company	4500

Name of the Director	Mr. Vijay K. Rekhi
Current Designation	Independent Director
Date of Birth	14-09-1945
Date of Appointment	06-07-2011
Qualification	MBA-IIM(A)
Expertise in specific functional areas	
List of other Companies in which he is a Director	Royal Orchid Associated Hotels Private Limited Confederation of Indian Alcoholic Beverage Companies (U/S 25)
Chairman / Member of the Committees of other Companies in which he is a Director	Nil
Shareholding in the Company	Nil

Notice

Name of the Director	Mr. K. Jairaj
Current Designation	Independent Director
Date of Birth	25-05-1952
Date of Appointment	05-08-2013
Qualification	Arts Graduate in the field of Economics, Public Policy and Management and a member of the Indian Administrative Service (IAS) of the 1976 batch.
Expertise in specific functional areas	Vast experience in Infrastructure, Energy, Transport and Urban Development.
List of other Companies in which he is a Director	1. Manipal GreenTech India Private Limited 2. NEO Foods Private Limited
Chairman / Member of the Committees of other Companies in which he is a Director	NIL
Shareholding in the Company	NIL

August 25, 2015**For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited****Chander K Baljee
Managing Director****ROYAL ORCHID HOTELS LIMITED**

Regd. Office: No. 1, Golf Avenue, Adj. KGA Golf Course, Airport Road, Bangalore – 560 008

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholder,

Sub: Electronic Mode of Service of Documents

The Ministry of Corporate Affairs (MCA), Government of India, has taken 'Green initiative in the Corporate Governance' vide its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, by allowing paperless compliance by the Companies, to enable them to send the documents to the shareholders, through electronic mode as part of its sustainability initiatives in Corporate Governance.

It is the endeavour of your Company to support the welcome initiative of the Ministry of Corporate Affairs which will effect reduction in paper consumption and contribute to a great extent towards Greener Environment. Accordingly, in future, your company proposes to send the documents such as Notices, Annual Reports and other communication, in electronic form, to e-mail addresses of those shareholders which are available in the records of the Company.

In view of the above, we request you to kindly fill in following details:

Name of the Shareholder	Correspondence Address	DP ID / folio No.	Client ID	E-mail ID	Contact No./ Mobile No.

Or Register your e-mail addresses with your Depository Participants (DPs) or with our Registrars and Share Transfer Agents at alfint@vsnl.com, irg@integratedindia.in or with the Company at investors@royalorchidhotels.com as the case may be, in order to receive the documents electronically from the Company, in lieu of physical copies. If you wish to receive the documents in physical form only, you may kindly communicate your intention to the Company at the earliest.

Place:**Name/Signature of the Shareholder:****Date:****August 25, 2015****For and on behalf of the Board of Directors of
Royal Orchid Hotels Limited****Chander K Baljee
Managing Director**

Route map to reach the venue of Annual General Meeting



ROYAL ORCHID HOTELS LIMITED

Corporate Identity Number (CIN): L55101KA1986PLC007392

Regd. Office: No. 1, Golf Avenue, Adj. KGA Golf Course, Airport Road, Bangalore – 560 008

TWENTY NINTH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2015

ATTENDANCE SLIP

DPID*: Folio No.:

Client ID*: No. of Shares:

Name and address of the Shareholder:

I/We hereby record my/our presence at the **29th ANNUAL GENERAL MEETING** of the Company held on Tuesday, the 29th September, 2015 at 11.00 a.m. at Registered Office: No. 1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bangalore – 560 008.

Signature of the Shareholder/Proxy present:

* Applicable for investors holding Shares in Electronic Form.

TWENTY NINTH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2015

FORM NO. MGT 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

ROYAL ORCHID HOTELS LTD.

Corporate Identity Number (CIN): **L55101KA1986PLC007392**

Regd. Office: No. 1, Golf Avenue, Adj. KGA Golf Course, Airport Road, Bangalore – 560 008.

Name of the Member(s):
Registered Address:
E-mail ID:
Folio No./Client ID*:
DP ID*:
No. of Shares:

I/We, being member(s) of shares of ROYAL ORCHID HOTELS LIMITED, the above named Company hereby appoint
Name: Address:
E-Mail ID: signature:, or failing him/her
Name: Address:
E-Mail ID: signature:, or failing him/her
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Ninth Annual General Meeting** of the Company, to be held on Tuesday, 29th September, 2015 at 11.00 a.m. at Registered Office: No. 1, Golf Avenue, Adjoining KGA Golf Course, Airport Road, Bangalore – 560 008, or at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Type of resolution (Ordinary / Special)	I/ We assent to the resolution (For)	I/ We dissent to the resolution (Against)
Ordinary Business				
1	Adoption of Financial Statement and reports thereof for the financial year 2014-15	Ordinary		
2	Re-appointment of Mr. Sunil Sikka as Director liable to re-tire by rotation	Ordinary		
3	Appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm's Registration No. 117366W/ W-100018 as the Auditors of the Company in place of the retiring Auditors M/s. Walker Chandio & Co. LLP, Chartered Accountants, Bangalore, having registration LLP No. N500013.	Special		
Special Business				
4	Appointment of Mrs. Sunita Baljee as Director under Sec. 161	Ordinary		
5	To alter the term of office of Mr. R.V.S. Rao (DIN: 00061599) as an Independent Director	Ordinary		
6	To alter the term of office of Mr. Vijay K. Rekhi (DIN: 00191298) as an Independent Director	Ordinary		
7	To alter the term of office of Mr. K. Jairaj (DIN: 01875126) as an Independent Director	Ordinary		

Signed this day of 2015.

Signature of the Shareholder:

Signature of Proxy Holder(s):

Affix
Revenue
Stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

* Applicable for investors holding Shares in Electronic Form.

ROYAL ORCHID HOTELS LIMITED

CIN No: L55101KA1986PLC007392

Registered Office: No. 1, Golf Avenue, Adjoining KGA Golf Course, Bangalore – 560 008.
Telephone: 080 4178300 Website: www.royalorchidhotels.com E-mail: investors@royalorchidhotels.com

BALLOT / POLL FORM

(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the Notice by sending the duly filled and signed Ballot / Form to Mr. Shankar Prasad, Practicing Company Secretary (the Scrutinizer): No. 10, AG'S Colony, Anand Nagar, Bangalore –560 024 so as to reach him on or before September 22, 2015.

Name	
Address	
DP Id*	
Client Id*	
Folio No.	
No. of Shares held	

*Applicable for investors holding Shares in Electronic form.

I/We exercise my / our vote in respect of the Ordinary Resolution(s)/Special Resolution(s) as specified in the Notice of Royal Orchid Hotels Limited dated September 29, 2015 to be passed through Ballot/Poll for the businesses stated in the said Notice by convening my/our assent or dissent to the said Resolution in the relevant box below:

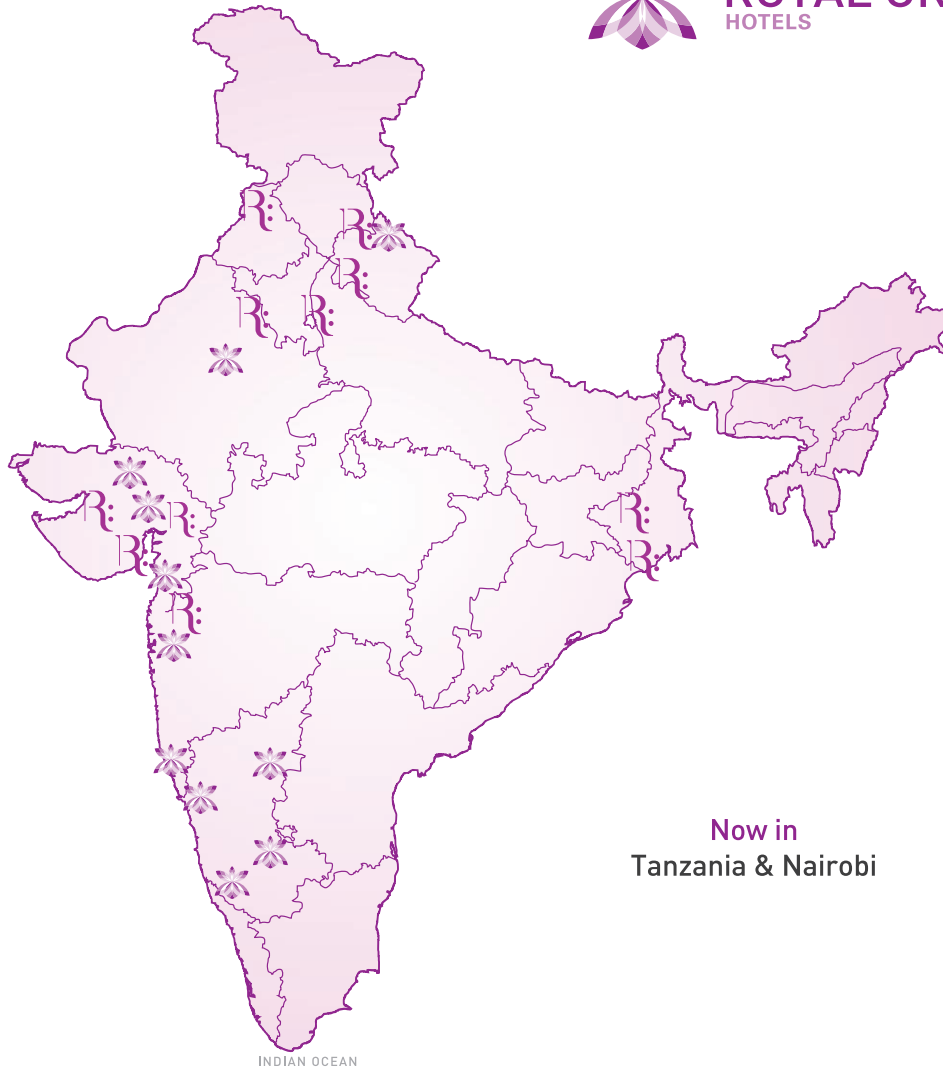
Sl. No.	Resolution	Type of resolution (Ordinary / Special)	I/ We assent to the resolution (For)	I/ We dissent to the resolution (Against)
Ordinary Business				
1	Adoption of Financial Statement and reports thereof for the financial year 2014-15	Ordinary		
2	Re-appointment of Mr. Sunil Sikka as Director liable to retire by rotation	Ordinary		
3	Appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm's Registration No. 117366W/ W-100018 as the Auditors of the Company in place of the retiring Auditors M/s. Walker Chandio & Co. LLP, Chartered Accountants, Bangalore, having registration LLP No. N500013.	Special		
Special Business				
4	Appointment of Mrs. Sunita Baljee as Director under Section 161	Ordinary		
5	To alter the term of office of Mr. R.V.S. Rao (DIN: 00061599) as an Independent Director	Ordinary		
6	To alter the term of office of Mr. Vijay K. Rekhi (DIN: 00191298) as an Independent Director	Ordinary		
7	To alter the term of office of Mr. K. Jairaj (DIN: 01875126) as an Independent Director	Ordinary		

Signature: _____

Date: _____



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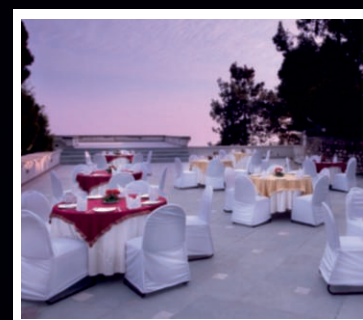
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