



**ROYAL ORCHID HOTELS LTD.,**

Corporate Office :

1, Golf Avenue, Adjoining KGA Golf Course,  
HAL Airport Road, Kodihalli, Bangalore - 560 008, India.

T +91 80 406 12345, F : +91 80 406 12346

www.royalorchidhotels.com

CIN : L55101KA1986PLC007392

**Date: October 04, 2016**

**To,**  
**The Manager,**  
**Listing Compliance,**  
**Department of Corporate Services,**  
**BSE Limited,**  
Floor 25, P. J. Towers,  
Dalal Street,  
**Mumbai – 400 001**  
**BSE Scrip Code: 532699**

**To,**  
**The Manager,**  
**Listing Compliance,**  
**Department of Corporate Services,**  
**National Stock Exchange of India**  
**Limited,**  
Exchange Plaza, Plot no. C/1, G Block  
Bandra Kurla Complex, Bandra (E)  
**Mumbai – 400 051**  
**NSE Scrip Symbol: ROHLTD**

Dear Sir/Ma'am,

***Subject: Submission of Annual Report for Financial Year 2015-2016***

Pursuant to Regulation 34 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for Financial Year 2015-2016.

We would further like to bring to your kind attention that Company has already submitted the declaration of unmodified opinion in the Auditors' Report on Standalone and Consolidated financial results, for the year ended 31<sup>st</sup> March, 2016, vide letter dated 14<sup>th</sup> July, 2016.

You are requested to take same on record.

Thanking you,

Yours Sincerely,

For **ROYAL ORCHID HOTELS LIMITED**

**RANABIR SANYAL**

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: As Above



ROYAL ORCHID  
HOTELS



RE:GEN:TA  
HOTELS



Annual Report  
**2015-2016**

## Dear Shareholders,

I am indeed delighted to share that fiscal year 2016 has been a great year with steady growth backed by an improving economic scenario. Our team's incessant efforts to strive for premium quality services and a growing loyal customer base has helped us to expand our footprint to **6** new cities, adding **9** new hotels and **496** no of room keys.

The Travel and Tourism sector contributed 7.5% to India's GDP and is the third largest foreign exchange earner for the country in 2015. Government has taken various steps to attract domestic and international tourists through schemes which includes "Swadesh Darshan" - an integrated development plan of theme-based circuits, "Prasad" to boost pilgrimage tourism and e-VISA facilities. The domestic and international spending on travel and tourism combined is expected to reach Rs 11,060 billion by 2024, according to India Brand Equity Foundation. With a growing disposable income amongst the middle class and their changing life style has led to the growth in domestic tourism.

Our strategy of "Asset Light Model" generated free cash flow in financial year 2016 which helped us prepay some amount of our debt. The new hotels that we added during the financial year 2016 are operated under Management Contracts business model. We added 496 no of keys in FY16 compared to 409 no of keys added in FY15. The growing demand for rooms by leisure and business travelers has led to increase in our occupancy rate and average room rate compared to previous years.

We registered 8% growth in topline from Rs 151 crore in FY15 to Rs 163 crore in FY16. EBITDA numbers witnessed growth by 6.68% in FY16 compared to FY15. Company's net profit has remained under pressure but we foresee a promising year in terms of business & profitability in FY 17. The optimism arises on account of some of the renovated properties getting ready for business and addition of more rooms and services in some of the properties. This year we plan to have management contract with six more properties for 400 rooms and aims to cover all major cities taking the total to 41 properties with 3,000 rooms. The expansion of keys through asset light model will generate healthy revenue and bring down costs substantially which will impact directly to our bottom line.

I would like to thank all our shareholders, employees, travel partners in believing in us and being a part of our journey so far. We promise to remain committed to deliver outstanding results of our company through focus and execution and build enhanced value for all our shareholders.



## **BOARD OF DIRECTORS**

### **Managing Director**

- Mr. Chander K. Baljee

### **Non-Executive Directors**

- Mr. Sunil Sikka  
Mrs. Sunita Baljee

### **Independent Directors**

- Mr. R V S Rao  
Mr. Vijay K Rekhi  
Mr. K Jairaj

### **Additional Director**

- Dr. Vivek Mansingh (w.e.f. August 12, 2016)

### **Chief Financial Officer**

- Mr. Amit Jaiswal

### **Company Secretary**

- Dr. (H. C.) Ranabir Sanyal (w.e.f. August 26, 2016)

### **Statutory Auditors**

- M/s. Deloitte Haskins & Sells LLP,  
Deloitte Centre, Anchorage - II,  
100/2, Richmond Road,  
Bengaluru - 560 025.

### **Internal Auditors**

- M/S. K. P. Rao & Co.  
Chartered Accountants  
25, 2<sup>nd</sup> floor, Poornima,  
State Bank of India Road,  
Madras Bank Road,  
Bengaluru - 560 001.

### **Bankers**

- State Bank of Hyderabad  
HDFC Bank  
Axis Bank  
Corporation bank  
State Bank of Mysore  
IDBI Bank Limited

### **Registered Office**

- No -1, Golf Avenue, Adjoining KGA Golf Course  
HAL Airport Road, Bengaluru, Karnataka- 560 008

### **Corporate Identity Number**

- L55101KA1986PLC007392

### **Registrar & Share Transfer Agent**

- Integrated Enterprises (India) Limited,  
30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bengaluru – 560 003.

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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.





# Boards' Report

Dear Members,

The Board of Directors of your Company, with immense pleasure, present the Thirtieth Annual Report of your Company along with the Audited Balance Sheet, Profit and Loss Account and Cash Flow Statement (Standalone and Consolidated), Schedules and Notes to Accounts for the year ended March 31, 2016.

## Financial Performance

The Company's financial performance, for the financial year ended March 31, 2016 on standalone and consolidated basis is summarized below:

(₹ in crores)

Financial Particulars	As on March 31, 2016		As on March 31, 2015	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	158.54	87.85	147.75	84.62
Other Income	4.36	5.61	3.30	8.64
<b>Total revenues</b>	<b>162.90</b>	<b>93.46</b>	<b>151.05</b>	<b>93.27</b>
Employee Benefit Expense	36.77	18.34	35.25	19.67
Finance Costs	14.92	6.11	15.57	6.32
Depreciation	13.90	3.99	14.61	4.39
Other Expenses	101.43	58.84	93.41	55.91
<b>Total Expenses</b>	<b>167.02</b>	<b>87.28</b>	<b>158.84</b>	<b>86.30</b>
<b>(Loss)/Profit before exceptional items, tax and minority interest</b>	<b>(4.12)</b>	<b>6.16</b>	<b>(7.79)</b>	<b>6.97</b>
Exceptional Item	1.32	1.32	2.00	2.00
<b>(Loss)/Profit before tax and minority interest</b>	<b>(2.80)</b>	<b>7.48</b>	<b>(5.79)</b>	<b>8.97</b>
Tax expense/(credit)	0.84	-	0.99	-
Minority Interest	(2.34)	-	(2.92)	-
<b>(Loss)/Profit for the year</b>	<b>(1.30)</b>	<b>7.48</b>	<b>(3.86)</b>	<b>8.97</b>

\* The figures were regrouped for the purposes of accounting in respect of March 31, 2016.

## Key Financial and Operational Highlights

The total income of the Group for the year ended March 31, 2016 was ₹162.90 crores registering a growth of 8% over the previous year.

The Revenue from Standalone operations during the year 2015 - 2016 is ₹ 87.85 crores as compared to ₹ 84.62 crores during the year 2014 - 2015. The Company, on a standalone basis, has earned a profit of ₹ 7.48 crores during the year 2015 - 2016 as against ₹ 8.97 crores during the year 2014 - 2015.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16 conducted by IBEF, the Indian economy will continue to grow more than 7 per cent in 2016-17. The inflation during the year has moderated from 5.2% to 4.8%. Over 7.1 million foreign tourists arrived in 2015.

The Hospitality Industry has grown at a tremendous pace over the years and has emerged as one of the key drivers of growth of the services sector in India. The industry is seeing a cumulative annual growth rate of 11.7% every year and is expected to grow further.

Online booking facilities, social media advertisements and digital operations and IT enabled interactions with the customers have contributed significantly to improve hospitality industry.

However, lack of adequate infrastructure, inadequate talent pool and high attrition rates are still some of the teething problems in the hospitality industry.

Royal Orchid Hotels Limited continues to pursue asset light strategy wherein focusing on adding new Hotels under its Management Wing. The Company aims to cover all major cities in India.

During the year under review the Company has renovated its main Hotels and foresees a promising year ahead with the renovated properties getting ready for business and addition of more rooms and services in some of the properties.

## Key Business Developments during the year

Royal Orchid Hotels group currently operates 36 hotels in 25 popular destinations. Royal Orchid Hotels primarily operates 5 and 4 star hotels, enabling it to target the discerning business and leisure traveller.

# Boards' Report *(continued)*

The brand 'Regenta' is another business-centric brand under the house of the Royal Orchid Hotels group. It is designed for the corporate traveller whose watchword is value and convenience. Currently they are 15 hotels under this brand.

With Sales Offices at 11 locations across India like Bengaluru, Delhi, Mumbai, Chennai, Jaipur, Goa, Pune, Mysuru, Ahmedabad, Kolkata, 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.

## New Hotels opened during the year

### 1. **Regenta Resort Vanya Mahal, Ranthambore, Rajasthan**

Regenta Resort Vanya Mahal, Ranthambore is a perfect blend of old world charm and contemporary elegance with its great Rajasthani architecture that preserves the age old traditions combined with high-end amenities for those seeking tranquility and re-live the grandeur of the Maharajas. The newly built resort offers 70 elegant guestrooms with the highest levels of comfort and the largest banqueting facilities in town. Regenta Resort Vanya Mahal, Ranthambore is an ideal destination for special occasions like Weddings, Conferences & Events where its architecture complements the beauty of the event.

### 2. **Regenta Camellia Resort and Spa, Santiniketan, West Bengal**

Regenta Camellia Resort & Spa, Santiniketan is a perfect blend of comfort and luxury, which is evident from its exquisite interiors, beautiful architecture and high-end amenities. Our lavish resort is known for the personalized attention that we offer to our guests. Its central location, dining, banqueting facilities and other recreational facilities make it an ideal stopover for any tourist in the town.

### 3. **Regenta Inn, Bengaluru**

Regenta Inn offers quality accommodation and facilities to meet all the requirements of a modern day traveler. The hotel is just a 5 minutes drive from airport. Its strategic location, high-end amenities and its impeccable service standards makes it the ideal stopover for any traveler in Bengaluru. With 40 well-appointed rooms and a multi-cuisine dining outlet, one's stay in the city is bound to be a convenient one.

### 4. **Regenta Resort Central, Dandeli**

Regenta Resort Century, Dandeli offers 17 premium cottages with in-room dining services and many fun activities in the vicinity. It is the perfect destination for any nature lover

to explore the frontiers at the Dandeli wildlife sanctuary, adventure trills and bird watching treks.

### 5. **Regenta Almeida, Zirakpur, Chandigarh**

Hotel Regenta Almeida is strategically located in the heart of the city which is why it is easily accessible from all major places of interest. With multiple dining options, a full service spa, a roof-top swimming pool, fitness center, in-room dining facilities, and banquet venues.

### 6. **Regenta Orkos, Kolkata**

Kolkata, the 'City Of Joy' welcomes many travelers each year for business and leisure purposes and the hotel is a much sought after destination in the city. The strategic location, dining options, a roof top pool, a fitness centre and banqueting facilities is the preferred choice for all occasions.

The other particulars of some of the key business developments which took place during the financial year 2015-16 have also been detailed out under the sections: Management Discussion & Analysis and Highlights 2015-2016 of this Annual Report.

## Changes in nature of Business

During the year under review, there was no change in the nature of Company's business.

## Share Capital of the Company and changes thereof

During the year under review the Company has neither issued shares nor granted stock options/sweat equity.

## Dividend and Transfers to Reserve

The Company has entered a new phase of growth and is now undertaking the various expansions and renovation plans. To conserve resources and to fund new projects, the Board has not recommended for any Dividend for the fiscal year 2015-2016.

Further, during the year under review, no amount has been transferred to reserve.

## 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 during the year under review, the Company has also not accepted any public deposits and as such, no amount of principal or interest was outstanding as on March 31, 2016.



## Boards' Report<sup>(continued)</sup>

### 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.

### Revision in Financial Statements or Boards' Report under Section 131(1) of the Companies Act, 2013

In terms of Section 131 of the Companies Act, 2013, the Financial Statements and Board's Report are in compliance with the provisions of Section 129 or Section 134 of the Companies Act, 2013 and that no revision has been made during any of the three preceding financial years.

### 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.

### Subsidiaries, Associates and Joint Ventures

The Consolidated Financial Statements of your Company and its Subsidiaries, Joint Ventures and Associates, prepared in accordance with the relevant Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors, form a part of the Annual Report and are reflected in the Consolidated Accounts.

As at March 31, 2016, your Company has 13 Indian subsidiaries, 1 Foreign Subsidiary and 4 Joint Venture companies.

Pursuant to Section 129 (3) of the Companies Act, 2013, a statement containing salient features, brief financial details of the Company's subsidiaries for the financial year ended March 31, 2016 and their contribution to the consolidated financials in Form AOC – 1 is appended as Annexure – I to the Boards' Report and in consolidated financials forming part of 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.

Pursuant to Section 136 of the Companies Act, 2013, the financial statements of your Company, Consolidated Financial statements along with relevant documents and separate audited accounts

in respect of subsidiaries are available on the website of your Company.

### Promoter 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, 2016	Percentage of Shareholding
1.	Mr. Chander K Baljee	1,20,14,560	44.12
2.	Mrs. Sunita Baljee	2,26,260	0.83
3.	Mr. Arjun Baljee	3,01,593	1.11
4.	Mr. Keshav Baljee	8,03,424	2.95
5.	Mr. Sunil Sikka	15,296	0.06
6.	Baljees Hotels and Real Estates Private Limited	57,14,689	20.98
7.	Hotel Stay Longer Private Limited	2,29,337	0.84

### Particulars of Contracts or Arrangements made with Related Parties under Section 188(1) and (2) of the Companies Act, 2013

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

### 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. Your Company participated in "Great Place to Work" Employee Satisfaction survey during 2015 and achieved 79 percentile Index scores; it was conducted by "The Economic Times".

The disclosure pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (as amended up to date) have been detailed in the Annexure - III to this Boards' Report.

### Extract of Annual Return

The extract of Annual Return in Form MGT – 9, as provided under Section 92 (3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed hereto as Annexure - IV to this Board's Report.

# Boards' Report *(continued)*

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgoes

Your Company is continuously striving towards conservation of energy across all its units and has implemented various Energy Conservation programs and latest technology up gradation measures, your Company also earned foreign currency in Financial Year 2015 – 2016, complete details of which has been disclosed in Annexure – V to this Boards' Report.

## Particulars of Loans/Guarantees/Investments

Particulars relating to Inter-Corporate Loans, Investments and Corporate Guarantee have been detailed in the Notes to Financial Statements, forming part of this Annual Report.

## Corporate Governance

Your Company has been practising the principles of good corporate governance. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges (effective till November 30th, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") (applicable from December 1st, 2015), a detailed report on corporate governance is available as a separate section in this Annual Report.

A certificate of the Company Secretary in whole-time practice regarding compliance with the conditions stipulated in the said clause and the LODR is provided separately as an **Annexure – A** to the Corporate Governance Report.

## Board of Directors and changes thereof during Financial Year 2015-2016

As on March 31, 2016, your Board has following Directors:

Sl. No.	Name	DIN	Category	Designation
1.	Mr. C. K. Baljee	00081844	Executive	Managing Director
2.	Mr. Sunil Sikka	00083032	Non-Executive	Non - Independent Director
3.	Ms. Sunita Baljee	00080737	Non-Executive	Non - Independent Director
4.	Mr. R. V. S. Rao	00061599	Non-Executive	Independent Director
5.	Mr. Vijay K. Rekhi	00191298	Non-Executive	Independent Director
6.	Mr. K. Jairaj	01875126	Non-Executive	Independent Director

- Dr. Vivek Mansingh (DIN: 06903079), who was appointed as Additional Director on the Board on 12.08.2016, is now proposed to be appointed as Independent Director for a term of 5 (Five) Years, in the ensuing Annual General Meeting,

his brief profile is disclosed in the Annexure to Notice calling 30th Annual General Meeting of the Company.

- Mr. Vijay K. Rekhi (DIN: 00191298), Non-Executive Independent Director of the Company is proposed to be re-appointed for a second term of 1 (One) Year, in the ensuing Annual General Meeting, his brief profile is disclosed in the Annexure to Notice calling 30th Annual General Meeting of the Company.
- Mr. Sunil Sikka (DIN: 00083032), who was holding the position of Whole Time Director in the Company, has resigned from the office of Whole Time Director w.e.f. 07.08.2015 and remained on the Board of Company in the capacity of Director.
- Mr. Sunil Sikka (DIN: 00083032), Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment, his brief profile is disclosed in the Annexure to Notice calling 30th Annual General Meeting of the Company.

Following are the details of Key Managerial Personnel (KMP) who were appointed or have resigned or whose designation has been changed during the Year 2015 – 2016.

Sl. No.	Name of the KMP	Designation	Date of Appointment	Date of Change in designation	Date of Resignation
1.	Ms. Payal Sharma	Company Secretary	29.05.2014	-	07.08.2015
2.	Mr. Sudhir Anand	Company Secretary	07.08.2015	-	26.12.2015

## Committees of the Board

As on March 31<sup>st</sup> 2016, your Board has following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- 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.

## Formal Annual Evaluation of Board

Pursuant to section 134 (3) (p) of the Companies Act, 2013 and Rule 8(4) of Companies (Accounts) Rules, 2014, it is mandatory to monitor and review the Board evaluation framework, the Board has carried out peer evaluation of all Board members, annual performance evaluation of its own performance, as well





## Boards' Report *(continued)*

as the evaluation of the working of the Committees of Board as per the criteria laid down in the Nomination, Remuneration and Evaluation policy. The said policy including above said criteria for the evaluation of the Board, individual directors including independent directors and the committee of the board has been laid down in the Corporate Governance Report, which form part of this report.

### Meetings of the Board held during the Year

During the year under review, your Board met 4 (Four) times on 30.05.2015, 07.08.2015, 04.11.2015 and 28.01.2016, all the Board Meetings were conducted in due compliance with Companies Act, 2013 and the Corporate Governance principles specified in the LODR.

### Managerial Remuneration

During the year under review, the Ministry of Corporate Affairs vide their letter number: SRN/C54697651/5/2015 – CL.VII dated November, 3rd, 2015, has approved a total remuneration of ₹1.58 Crores to Mr. C. K. Baljee (DIN: 00081844), Managing Director of the Company, for Financial Year 2015 – 2016, and your Company has not paid remuneration to the him in excess of the limit specified above.

### Declaration by Independent Directors

As on March 31st, 2016, your Company has following Independent Directors:

1. Mr. R. V. S. Rao (DIN: 00061599).
2. Mr. Vijay Rekhi (DIN: 00191298).
3. Mr. K. Jairaj (DIN: 01875126).

In pursuance of Section 149(7) of the Companies Act, 2013, all the three Independent Directors of the Company have submitted, a declaration, under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the LODR, that they meet the criteria of independence.

### Familiarisation programme for Independent Directors

The Company has made a familiarisation programme for the Independent Directors, which has been disclosed on Company's website at [www.royalorchidhotels.com/pdfs/familiarization-programmes.pdf](http://www.royalorchidhotels.com/pdfs/familiarization-programmes.pdf).

### Separate Meeting of Independent Directors and performance evaluation of Board by them

In due compliance with the provisions of Regulation 25(3) of the LODR, a separate meeting of Independent Directors was held

28.01.2016, to inter-alia consider and discuss the performance of Non-Independent Directors, the Chairman and to assess the quality, quantity and timeliness of flow of information between the management and the listed entity and the Board in order to help Board to perform its duties.

### Audit Committee and its Recommendation(s)

In accordance with Section 177 of the Companies Act, 2013, rules made thereunder and Regulation 18 of the LODR, the Company has duly constituted the Audit Committee, details of which has been disclosed in the Corporate Governance Report forming part of this Annual Report and all recommendations made by the Audit Committee were accepted by the Board.

### Nomination and Remuneration Committee

In accordance with Section 178 of Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of LODR, the Company has constituted a Nomination and Remuneration Committee, details of which has been disclosed in the Corporate Governance Report forming part of this Annual Report and also on Company's website at [www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf](http://www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf), and your Company has also formulated Royal Orchid Nomination and Remuneration Policy, extracts of which are hereunder:

- 1) 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.
- 2) 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.
- 3) 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.

## Boards' Report *(continued)*

- 4) Recommend nominees to various committees of the Board.
- 5) 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;
- 6) Recommending remuneration for Non-Executive Directors.
- 7) Ensuring that appropriate procedures are in place to assess Board's effectiveness and shall carry out evaluation of every Director's performance.
- 8) Developing an annual evaluation process of the Board and its Committees.
- 9) Assist the Board of Directors in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
- 10) Review and approve the compensation and Employee Stock Option Plan ("ESOP") to be granted to senior executives, requiring approval from the Board of Directors;
- 11) Review and approve the changes in terms and conditions of the ESOP;
- 12) Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the Employees;
- 13) Criteria for selection and appointment of Non-Executive Directors; and
- 14) Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or Directors' compensation.
- 15) devising a policy on diversity of board of directors;
- 16) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### Stakeholders' Relationship Committee

In terms of Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 of LODR the Company has constituted a Stakeholders' Relationship Committee (erstwhile Shareholders' Grievance Committee), details of which, along with terms of reference, has been disclosed in the Corporate Governance Report forming part of this Annual Report and also on Company's website at [www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf](http://www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf).

### Corporate Social Responsibility

Your Company has always been committed to Corporate Social Responsibility ("CSR") and it is one of our commitments to the

society. Our CSR activities are embedded around the vision of the Promoters of the Company. The CSR at Royal Orchid focuses on imparting Education, enhancing Employability and Skill Development of budding entrepreneurs in association with the Presidency Educational Trust. The Trust established Presidency College for Hotel Management to focus on the education in the field of hospitality and Tourism 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.

Your Company has signed a 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.

The Company has collaborated with American Hotel and Lodging Educational Institute (AHLEI) through Presidency College and funds Operations Certification courses through Baljee Trust. 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.

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, details and composition of which has been disclosed in the Corporate Governance Report forming part of this report and also on Company's website at [www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf](http://www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf) and the Company has also adopted a Corporate Social Responsibility Policy (Royal Orchid Corporate Social Responsibility Policy) in this respect, extracts of which are hereunder:

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:

- 1) To oversee the creation of appropriate policies, review the CSR policies from time to time.
- 2) To approve a strategy for discharging the Group's corporate and social responsibilities.
- 3) To Monitor and Report the CSR activities to the Board.
- 4) 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.



## Boards' Report *(continued)*

### Risk Management

The Company has established an effective Compliance Mechanism to mitigate the risk and will be reviewed by the Board periodically. The Company has adopted Risk Management Policy, pursuant to the provision of Section 134 of the Act, to identify and evaluate business risks and approach for mitigation of such risks. The Company has identified various risks and also has mitigation plans for each risk identified and reviewed periodically.

### Green Initiatives

The Company, in order to promote green initiative, has sent electronic copies of the Annual Report for Financial Year 2015 – 2016, along with the Notice of the 30th Annual General Meeting, are sent to all members whose email addresses are registered with the Company / Registrar and Share Transfer Agent ("RTA"). For members who have not registered their email addresses, physical copies of the Annual Report 2015-2016 under Section 101 of the Companies Act, 2013 are sent in the permitted mode. Members who have been sent Annual Report copies in electronic mode, desirous to have physical copies of the same can send a request, in writing, either to the Company or the RTA.

### Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015 (erstwhile, SEBI (Prohibition of Insider Trading) Regulations, 1992), as amended till date, the Code of Conduct for prevention of Insider Trading and the Code of fair disclosure, 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](http://www.royalorchidhotels.com).

The objective of this Code is to protect the interest of Stakeholders 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 Closure of Trading Window, 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.

### Statutory Auditors

The Statutory Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/ W-100018),

were appointed as Statutory Auditors of the Company in the 29th Annual General Meeting of the Company to hold office as Statutory Auditors until the conclusion of 34th Annual General Meeting of the Company, subject to ratification by the shareholders in each Annual General Meeting of the Company, the same has been proposed in the Notice calling 30th Annual General Meeting of the Company.

### 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 Board, in its meeting held on May 30, 2016, appointed, Mr. G. Shanker Prasad (ACS 6357), Practicing Company Secretary (CoP No. 6450), to undertake the Secretarial Audit of the Company for Financial Year 2015 - 2016.

There were no qualifications by the Auditor in their Secretarial Audit Report in Form MR-3 for the Financial Year ended March 31, 2016 which is appended as Annexure – VI to this Boards' Report.

### Explanations or Comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Statutory and Secretarial Auditors

There were no qualifications or adverse remark by either of the Auditors in their respective Reports.

### Litigation

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. During the year ended 31 March 2014, the Company has obtained favourable rulings from the intellectual property appellate board. The Madras High Court has passed an order in February, 2015 for cancellation of registration of trademark, against which the Company has filed an appeal before the Supreme Court and the appeal is yet to come up for hearing.

# Boards' Report *(continued)*

before 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 has appointed M/s K. P. Rao and Co. as its 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 comprises of 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 and Whistle Blower Policy**

The Board of Directors of your Company has adopted the Vigil Mechanism and Whistle Blower Policy in compliance with Section 177(9) and (10) of the Companies Act, 2013, Clause 49(F) (3) of Listing Agreements with Stock Exchanges and regulations specified under LODR.

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. 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 Committee periodically reviews the functioning of this mechanism. This meets the requirement under the said provisions above.

## **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:

- 1) in the preparation of the Annual Accounts for the year ended March 31, 2016, 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;
- 2) 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, 2016 and of the profit of the Company for the year ended on that date;
- 3) 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;
- 4) the Directors have prepared the annual accounts on 'a going concern basis';
- 5) 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
- 6) 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.

## **Payment of Listing Fee and Custodial Fee**

Your Company has paid the both, Annual Listing Fee and Annual Custodial Fee for the Financial Year 2015 – 2016, to the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") and to National Securities and Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) respectively.

## **Commission or Remuneration received from Holding or Subsidiary Companies**

During the year under review, no Commission or Remuneration was paid to the Executive Directors from Holding/Subsidiary Companies.



## Boards' Report *(continued)*

### 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 in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under, your Board of Directors has approved and adopted a "Policy on Prevention of Sexual Harassment at Workplace" to provide equal employment opportunity and is committed to provide a work environment that ensures every woman employee is treated with dignity and respect and afforded equitable treatment.

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

### Dematerialisation

The Company's shares are available for dematerialization with both the Depositories viz., NSDL and CDSL. About 99.79% of the paid-up equity share capital of the Company has been dematerialized as on March 31, 2016.

### Disclosure of Frauds in the Boards' Report under Section 143 of the Companies Act, 2013

During the year under review, your Directors do not observe any contract, arrangement and transaction which could result in a fraud; your Directors hereby take responsibility to ensure you that the Company has not been encountered with any fraud or fraudulent activity during the Financial Year 2015 - 2016.

### Other Disclosures

- 1) 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.
- 2) 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.

### Awards and Recognitions

- 1) 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.

- 2) Trip Advisor Winner 2015 - Hotel Royal Orchid is awarded with Tripadvisor **"Certificate of Excellence"**.
- 3) Rocheston Accreditation Institute New York, has conferred the prestigious honour of the **'Distinguished Bar'** upon Geoffreys at Hotel Royal Orchid, Bangalore 2016.
- 4) Royal Orchid Metropole, Mysore has been Awarded **"The Best in Heritage Hotel"** Category Tourism Awards 2016 the by Federation of Karnataka Chambers of Commerce & Industry (FKCCI), Bengaluru Karnataka.
- 5) Regenta Resort Varca- Goa won the **"Best Debut Beach Resort"** for India Hospitality Award ( West & South) 2016.
- 6) Royal Orchid Beach Resort, Goa was awarded for by the Goan **Best 5 star Fun & Fly Resort** and the **" Best Food & Bev. Manager in 5 star category (South) - Mr. Sujit Kushwaha"** Hospitality award of Excellence 2016

### Acknowledgments

Your Directors place on record, their deep sense of appreciation to all Employees, support staff, for adopting/adapting 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, SEBI, NSE and BSE and others and look forward to their continued support in all future endeavours.

### For and on behalf of the Board of Directors of

Place : Bengaluru  
Date: August 12, 2016

**Chander K. Baljee**  
Managing Director

**R V S Rao**  
Director



(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing the salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures as on 31.03.2016**

**PART- A: SUBSIDIARIES**

S. No.	Name of Subsidiary	Reporting currency and exchange rate	Date since when subsidiary was acquired	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities (excluding Share Capital and Reserves & Surplus)	Investments	Turnover	Profit Before Tax	Provision for tax	Profit After Tax	% of Shareholding	Proposed Dividend
1.	Icon Hospitality Private Limited	Indian Rupee	04.04.2013	190,040,900	195,425,856	644,436,744	258,969,988	-	192,596,803	(56,053,011)	(10,709,537)	(45,343,474)	51.07	-
2.	Maruti Comforts & Inn Private Limited	Indian Rupee	21.11.2005	62,496,900	1,078,160	153,420,396	89,845,336	-	146,448,666	5,592,978	1,791,723	3,801,255	65.22	-
3.	Royal Orchid Hyderabad Private Limited	Indian Rupee	30.09.2006	17,700,000	(2,842,009)	15,068,701	210,710	-	-	(115,175)	140,545	(255,720)	100.00	-
4.	Royal Orchid South Private Limited	Indian Rupee	28.03.2007	9,100,000	(9,844,798)	2,580,268	3,325,066	-	-	(270,493)	-	(270,493)	100.00	-
5.	A B Holdings Private Limited *	Indian Rupee	01.03.2007	2,600,000	(15,544,334)	15,516,710	28,461,044	4,800,000	-	(585,616)	-	(585,616)	100.00	-
6.	Royal Orchid Jaipur Private Limited	Indian Rupee	09.10.2006	16,600,000	23,312,296	64,069,233	24,156,938	-	80,815,429	2,088,398	145,766	1,942,632	100.00	-
7.	Multi Hotels Limited @	Indian Rupee	22.01.2008	967	98,348,829	183,654,979	85,305,183	-	-	(6,851,665)	-	(6,851,665)	100.00	-
8.	Royal Orchid Maharashtra Private Limited	Indian Rupee	05.06.2008	500,000	(2,292,795)	23,307,377	25,100,172	-	-	(17,475)	-	(17,475)	100.00	-
9.	Royal Orchid Goa Private Limited	Indian Rupee	05.06.2008	500,000	(53,747)	500,939	54,686	-	980	(16,495)	9,883	(26,378)	100.00	-
10.	Royal Orchid Shimla Private Limited	Indian Rupee	29.05.2008	500,000	(59,935)	499,959	59,994	-	-	(17,475)	13,502	(30,977)	100.00	-
11.	Royal Orchid Mumbai Private Limited	Indian Rupee	20.04.2009	500,000	(81,431)	500,000	81,431	-	-	(17,175)	-	(17,175)	100.00	-
12.	Amar Tara Hospitality Private Limited	Indian Rupee	16.11.2009	355,000,000	(77,096,042)	482,447,330	204,543,372	-	-	(29,752,760)	-	(29,752,760)	75.10	-
13.	Cosmos Premises Private Limited #	Indian Rupee	05.09.2012	4,047,620	187,450,678	256,022,361	44,524,063	-	159,184,263	23,254,675	13,144,435	10,110,240	50.00	-
14.	Royal Orchid Associated Hotels Private Limited **	Indian Rupee	01.10.2007	5,000,000	23,602,970	155,254,076	126,651,106	-	106,804,566	6,433,748	3,475,498	2,958,250	100.00	-

**Notes:**

The reporting period for all subsidiaries concerned is March 31, 2016, same as of holding Company.

None of the Subsidiaries has recommended or proposed dividend during the year.

The above format has been adopted from the Companies (Accounts) Amendment Rules, 2016

\* Investment column denotes investment in Royal Orchid Associated Hotels Private Limited.

@ Overseas Subsidiary at Tanzania and home currency is Tanzanian Shilling, reported here in Indian Rupees (Actuals) at conversion rate of TSH @ 0.032 as on 31.03.2016

# Subsidiary by Board majority.

\*\* Held by AB Holdings Private Limited



# Boards' Report *(continued)*

## PART B: Associates 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	31.03.2016	31.03.2016	31.03.2016	31.03.2016
2. Date on which the Associate or Joint Venture was associated or acquired	18.04.2007	18.04.2007	18.04.2007	18.04.2007
3. Shares of Associate / Joint Ventures held by the Company on the Year end				
i. No. of shares held in Associates/JVs	30,000,000	5,000	5,000	5,000
ii. Amount of investment held in Associates/JVs	352,770,000	52,820,000	52,820,000	52,820,000
iii. Extend of holding %	50.00	50.00	50.00	50.00
4. Description of how there is significant influence	Joint venture	Joint venture	Joint venture	Joint venture
5. Reason why the associate/joint ventures not consolidated	Consolidated	Consolidated	Consolidated	Consolidated
6. Net worth attributable to shareholding as per latest Audited Balance Sheet	56,226,159	46,753,123	46,802,583	46,801,032
7. Profit/Loss for the year				
i. Considered in consolidation	(44,302,267)	(17,227)	(17,177)	(6,891)
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 : NIL

S. 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
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Not applicable

### 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;	<table><tr><th>Name of the Directors</th><th>Ratio to the Median</th></tr><tr><td>Chander K Baljee Managing Director</td><td>64</td></tr><tr><td>Independent Director</td><td>NA</td></tr><tr><td>Median remuneration of employees</td><td>₹ 250,000</td></tr></table> <p>None of the Directors other than Managing Director are being paid any remuneration apart from sitting fees for Board and Committee Meetings</p>	Name of the Directors	Ratio to the Median	Chander K Baljee Managing Director	64	Independent Director	NA	Median remuneration of employees	₹ 250,000		
Name of the Directors	Ratio to the Median											
Chander K Baljee Managing Director	64											
Independent Director	NA											
Median remuneration of employees	₹ 250,000											
ii.	The percentage increase in remuneration of each director, chief financial officer, company secretary in the financial year;	<table><tr><th>Name</th><th>Percentage of increase</th></tr><tr><td>C. K. Baljee Manging Director</td><td>24%</td></tr><tr><td>Amit Jaiswal Chief Financial Officer</td><td>16.67</td></tr><tr><td>Payal Sharma Company Secretary (up to 07.08.2015)</td><td>12.5</td></tr><tr><td>Sudhir Anand Company Secretary (up to 26.12.2015)</td><td>NIL</td></tr></table>	Name	Percentage of increase	C. K. Baljee Manging Director	24%	Amit Jaiswal Chief Financial Officer	16.67	Payal Sharma Company Secretary (up to 07.08.2015)	12.5	Sudhir Anand Company Secretary (up to 26.12.2015)	NIL
Name	Percentage of increase											
C. K. Baljee Manging Director	24%											
Amit Jaiswal Chief Financial Officer	16.67											
Payal Sharma Company Secretary (up to 07.08.2015)	12.5											
Sudhir Anand Company Secretary (up to 26.12.2015)	NIL											
iii.	Percentage increase in the median remuneration of employees in the financial year;	14%										
iv.	Number of employees including contractual on the rolls of company;	3,124										
v.	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;	There is an increase of 6.9 % in the median remuneration of the employees, other than Managerial persons. The increase is as per the Central Government approval.										
vi.	The key parameters for any variable component of remuneration availed by the directors;	No variable component paid to the Directors during the year.										
vii.	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.										
viii.	No of employee drawing remuneration of ₹ 8.50 Lacs per month or ₹ 1.02 Crores per year or at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and employees holding by himself or along with his spouse and dependent children, more than two percent of the equity shares of the Company.	NIL										



# Boards' Report *(continued)*

## Annexure - 4

### Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS					
1	CIN	L55101KA1986PLC007392			
2	Registration Date	3rd January, 1986			
3	Name of the Company	Royal Orchid Hotels Limited			
4	Category/Sub-category of the Company	Public Company/ Limited By Shares			
5	Address of the Registered office & contact details	No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka Tel: 080-40612345 e-mail: cosec@royalorchidhotels.com			
6	Whether Listed company	Yes			
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises (India) Limited 30, Ramana Residency, 4th Cross, Sampiege Road, Malleswaram, Bengaluru – 560 003, Karnataka 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)					
Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company		
1.	ACCOMMODATION AND FOOD SERVICE ACTIVITIES: Hotels, Resorts and Restaurants	55101	57.69		
2.	FOOD AND BEVERAGE SERVICE ACTIVITIES: Restaurants and Mobile Food Services	5610	42.31		
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
Sl. No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share-holding	Applicable Section
1.	Icon Hospitality Private Limited, Registered Office: The Central Park, No. 47/1, Dickenson Road, Bengaluru - 560 042, Karnataka	U55101KA2003PTC031516	Subsidiary	51.07	Section 2(87)
2.	Maruti Comforts & Inn Private Limited, Registered Office: Allalasandra, Bellary Road, Yellahanka, Near Jakkur Flying Club, Bengaluru - 560 065, Karnataka	U55101KA1994PTC015366	Subsidiary	65.22	Section 2(87)
3.	Royal Orchid Hyderabad Private Limited, Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2005PTC037198	Subsidiary	100.00	Section 2(87)
4.	Royal Orchid South Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2006PTC038712	Subsidiary	100.00	Section 2(87)
5.	A B Holdings Private Limited Registered Office: No. 47/1, Manipal Centre, Dickenson Road, Bengaluru - 560 042, Karnataka	U70102KA2006PTC040894	Subsidiary	100.00	Section 2(87)

## Boards' Report *(continued)*

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share-holding	Applicable Section
6.	Royal Orchid Jaipur Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U055101KA2005PTC036813	Subsidiary	100.00	Section 2(87)
7.	Multi Hotels Limited* Registered Office: Plot No. 1, Mjimwema Temeke, P O Box No. 1889, Dar Es Salam, Tanzania	8527	Subsidiary	100.00	Section 2(87)
8.	Royal Orchid Maharashtra Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2008PTC046681	Subsidiary	100.00	Section 2(87)
9.	Royal Orchid Goa Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2008PTC046679	Subsidiary	100.00	Section 2(87)
10.	Royal Orchid Shimla Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55100KA2008PTC046598	Subsidiary	100.00	Section 2(87)
11.	Royal Orchid Mumbai Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2009PTC049631	Subsidiary	100.00	Section 2(87)
12.	Amar Tara Hospitality Private Limited Registered Office: CTS 190/191, Indian Corp. Mills Compound, Office Bldg.2nd floor, Saki Vihar Road, Powai, Mumbai - 400 072, Maharashtra	U55101MH2009PTC194423	Subsidiary	75.10	Section 2(87)
13.	Cosmos Premises Private Limited Registered Office: Phoenix, Bund Garden Road, Opp. Residency Club, Pune, Maharashtra - 411 001	U70100PN1997PTC133546	Subsidiary	50.00	Section 2(87)
14.	Royal Orchid Associated Hotels Pvt. Ltd. Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2006PTC040290	Subsidiary (of AB Holdings Private Limited)	100.00	Section 2(87)
15.	J.H. Builders Pvt Ltd Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010122	Joint Venture	50.00	Section 2(6)
16.	Ksheer Sagar Developers Pvt. Ltd. Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010120	Joint Venture	50.00	Section 2(6)
17.	Ksheer Sagar Buildcon Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010707	Joint Venture	50.00	Section 2(6)
18.	Raj Kamal Buildcon Pvt. Ltd. Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010121	Joint Venture	50.00	Section 2(6)

\* Overseas subsidiary.





# Boards' Report *(continued)*

## IV. SHAREHOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

### 1. Category wise Shareholding

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
1. Indian										
a.	Individuals/ HUF	13,399,882	-	13,399,882	49.20%	13,361,133	-	13,361,133	49.06%	-0.29%
b.	Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
c.	State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	Bodies Corporate	5,944,026	-	5,944,026	21.83%	5,944,026	-	5,944,026	21.83%	0.00%
e.	Banks FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f.	Any Other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total of A 1		19,343,908	-	19,343,908	71.03%	19,305,159	-	19,305,159	70.89%	-0.20%
2. Foreign										
a.	NRI/Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b.	Other	-	-	-	0.00%	-	-	-	0.00%	0.00%
c.	Bodies Corporate	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	Any Other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total of A 2		-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)		19,343,908	-	19,343,908	71.03%	19,305,159	-	19,305,159	70.89%	-0.20%
B. Public Shareholding										
1. Institutions										
a.	Mutual Funds	2,393,868	-	2,393,868	8.79%	-	-	-	0.00%	-100.00%
b.	Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c.	Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e.	Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f.	Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g.	FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h.	Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i.	Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1)		2,393,868	-	2,393,868	8.79%	-	-	-	0.00%	-100.00%
2. Non-Institutions										
a. Bodies Corporate										
i.	Indian	341973	-	341,973	1.26%	617886	-	617,886	2.27%	80.68%
ii.	Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%
b.	Individuals -	-	-	-	0.00%	0	0	-	0.00%	0.00%
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	3,727,815	60,819	3,788,634	13.91%	3768712	56822	3,825,534	14.05%	0.97%
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,162,162	-	1,162,162	4.27%	2825290	-	2,825,290	10.37%	143.11%

## Boards' Report *(continued)*

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others (specify)									
Non Resident Indians	180,946	-	180,946	0.66%	176,502	-	176,502	0.65%	-2.46%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	0	-	-	0.00%	0.00%
Clearing Members	21,773	-	21,773	0.08%	48,283	-	48,283	1.77%	2117.81%
Trusts	100	-	100	0.00%	110	0	110	0.00%	10.00%
Escrow Account	601	-	601	0.00%	601	0	601	0.00%	0.00%
<b>Sub-total (B)(2)</b>	<b>5,435,370</b>	<b>60,819</b>	<b>5,496,189</b>	<b>20.18%</b>	<b>7,871,984</b>	<b>56,822</b>	<b>7,928,806</b>	<b>29.11%</b>	<b>44.26%</b>
<b>Total Public (B)</b>	<b>7,829,238</b>	<b>60,819</b>	<b>7,890,057</b>	<b>28.97%</b>	<b>7,871,984</b>	<b>56,822</b>	<b>7,928,806</b>	<b>29.11%</b>	<b>0.49%</b>
<b>C. Shares held by Custodian GDRs &amp; ADRs</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Grand Total</b>	<b>27,173,146</b>	<b>60,819</b>	<b>27,233,965</b>	<b>100.00%</b>	<b>27,177,143</b>	<b>56,822</b>	<b>27,233,965</b>	<b>100.00%</b>	<b>0.29%</b>

## 2. Shareholding of Promoters

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Chander K. Baljee	12,029,560	44.17%	43.67*	12,014,560	44.12%	0	-0.06%
2.	Baljee Hotels and Real Estate Pvt. Ltd.	5,714,689	20.98%	20.18*	5,714,689	20.98%	0	0.00%
3.	Keshav Baljee	803,424	2.95%	2.95*	803,424	2.95%	0	0.00%
4.	Arjun Baljee	315,342	1.16%	1.08*	301,593	1.11%	1.08	-0.05%
5.	Hotel Stay Longer P. Ltd.	229,337	0.84%	0.83*	229,337	0.84%	0	0.00%
6.	Sunita Baljee	226,260	0.83%	0.83*	226,260	0.83%	0	0.00%
7.	Sunil Sikka	25,296	0.09%	0.02*	15,296	0.06%	0	-0.04%

\* Pledge released on 13/04/2015

## 3. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1.	Chander K Baljee	12,029,560	44.17%	12,014,560	44.12%
2.	Baljees Hotels and Real Estates Private Limited	5,714,689	20.98%	5,714,689	20.98%
3.	Keshav Baljee	803,424	2.95%	803,424	2.95%
4.	Arjun Baljee	315,342	1.16%	301,593	1.11%
5.	Hotel Stay Longer Private Limited	229,337	0.84%	229,337	0.84%
6.	Sunita Baljee	226,260	0.83%	226,260	0.83%
7.	Sunil Sikka	25,296	0.09%	15,296	0.06%



## Boards' Report *(continued)*

	Name	Increase/ Decrease	Reason	Date	No. of Shares	Total Shares
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/sweat/equity etc.)*	Chander K. Baljee	Decrease	Transfer	04.12.2015	15,000	<b>15,000</b>
	Arjun Baljee	Decrease	Transfer	19.09.2015	2,557	<b>13,749</b>
		Decrease	Transfer	18.12.2015	8,192	
		Decrease	Transfer	06.01.2016	3,000	
	Sunil Sikka	Decrease	Transfer	11.12.2015	5,000	<b>10,000</b>
		Decrease	Transfer	05.01.2016	5,000	

### (iv) Shareholding Pattern of top ten Shareholders

Other than Directors and Promoters:

S. No.	For each of the Top 10 shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Name					
	Ashish Kacholia	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	1,073,587	3.94%	1,073,587	3.94%
		At the end of the year	1,073,587	3.94%	1,073,587	3.94%
2	Name					
	Abhinandan Leasing and Finance Private Limited	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	180,827	0.66%	180,827	0.66%
		At the end of the year	180,827	0.66%	180,827	0.66%
3	Name					
	Suresh Bhatia	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	165,190	0.61%	165,190	0.61%
		At the end of the year	165,190	0.61%	165,190	0.61%
4	Name					
	ICICI Securities Limited	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	140,144	0.51%	140,144	0.51%
		At the end of the year	140,144	0.37%	140,144	0.51%
5	Name					
	Rahul Goenka	At the beginning of year	95,000	0.35%	95,000	0.35%
		Changes during the year	10,000	0.04%	10,000	0.04%
		At the end of the year	105,000	0.39%	105,000	0.39%
6	Name					
	Ajaykumar Vakharia	At the beginning of year	0	0.00%	-	0.00%
		Changes during the year	100,000	0.37%	100,000	0.37%
		At the end of the year	100,000	0.00%	100,000	0.37%
7	Name					
	Sachin Kasera	At the beginning of year	0	0.00%	-	0.00%
		Changes during the year	100,000	0.37%	100,000	0.37%
		At the end of the year	100,000	0.00%	100,000	0.37%
8	Name					
	Rajesh Kumar Agrawal	At the beginning of year	53,801	0.19%	53,801	0.19%
		Changes during the year	39,213	0.14%	39,213	0.14%
		At the end of the year	93,014	0.33%	93,014	0.34%
9	Name					
	J. M. Global Equities Private Limited	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	75,670	0.28%	75,670	0.28%
		At the end of the year	75,670	0.00%	75,670	0.28%
10	Name					
	Sampath Reddy Baddam	At the beginning of year	66,649	0.24%	66,649	0.24%
		Changes during the year	-	0.00%	-	0.00%
		At the end of the year	66,649	0.24%	66,649	0.24%

## Boards' Report *(continued)*

	Name	Increase / Decrease	Reason	Date	No. of Shares	Total Shares
Date wise increase/decrease in Shareholding of top ten shareholders, during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/sweat/equity etc.)*	Ashish Kacholia	Increase	Transfer	08.01.2016	816,973	1,073,587
		Increase	Transfer	15.01.2016	79,071	
		Increase	Transfer	22.01.2016	103,956	
		Increase	Transfer	29.01.2016	73,587	
	Abhinandan Leasing and Finance Pvt Ltd	Increase	Transfer	18.03.2016	180,827	180,827
	Suresh Bhatia	Increase	Transfer	08.01.2016	100,000	100,000
	ICICI Securities Limited	Increase	Transfer	25.03.2015	3,285	140,144
				30.03.2016	136,859	
	Rahul Goenka	Increase	Transfer	29.05.2015	100,000	100,000
	Ajay Kumar Vakharia	Increase	Transfer	18.03.2016	100,000	100,000
	Sachin Kasera	Increase	Transfer	18.03.2016	100,000	100,000
	Rajesh Kumar Agrawal	Increase	Transfer	24.04.2015	200	39,213
				08.05.2015	37	
				03.07.2015	2,625	
				10.07.2015	2,570	
				31.07.2015	1,902	
				04.09.2015	9,911	
				09.10.2015	729	
				04.12.2015	2,795	
				18.12.2015	108	
				01.01.2016	151	
		Decrease		08.01.2016	(929)	
		Increase		15.01.2016	1,500	
				22.01.2016	1,100	
				05.02.2016	4,400	
				12.02.2016	419	
				19.02.2016	10,005	
				26.02.2016	199	
				04.03.2016	500	
				11.03.2016	991	
	J. M. Global Equities Private Limited	Increase	Transfer	11.01.2016	72,510	75,670
				15.01.2016	2,160	
				22.01.2016	1,150	
		Decrease		29.01.2016	(150)	
		Increase		18.03.2016	500	
		Decrease		25.03.2016	(500)	



# Boards' Report *(continued)*

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name						
	Chander K. Baljee	At the beginning of year		12,029,560	44.17%	12,029,560	44.17%
		Changes during the year		(15,000)	-0.06%	(15,000)	-0.06%
		At the end of the year		12,014,560	44.12%	12,014,560	44.12%
2	Name						
	R. V. S. Rao	At the beginning of year		4,500	0.02%	4,500	0.02%
		Changes during the year		-	0.00%	-	0.00%
		At the end of the year		4,500	0.02%	4,500	0.02%
3	Name						
	Sunil Sikka	At the beginning of year		25,296	0.00%	25,296	0.09%
		Changes during the year		(10,000)	-0.04%	(10,000)	0.04%
		At the end of the year		15,296	0.06%	15,296	0.06%
4	Name						
	Sunita Baljee	At the beginning of year		226,260	0.83%	226,260	0.83%
		Changes during the year		-	0.00%	-	0.00%
		At the end of the year		226,260	0.83%	226,260	0.83%

	Name	Increase/Decrease	Reason	Date	No. of Shares	Total Shares
Date wise increase/decrease in Shareholding of Directors' and Key Managerial Personnels', during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/sweat/equity etc.)*	Chander K. Baljee	Decrease	Transfer	04.12.2015	15,000	15,000
	Sunil Sikka	Decrease	Transfer	11.12.2015	5,000	10,000
		Decrease	Transfer	05.01.2016	5,000	

## V. INDEBTEDNESS

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

(Amt. in ₹ crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
- Addition	5.09	-	-	5.09
- Reduction	2.64	0.47	-	3.11
Net Change	2.45	(0.47)	-	1.98
Indebtedness at the end of the financial year				
i) Principal Amount	41.37	1.05	-	42.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.26	0.27	-	0.53
Total (i+ii+iii)	41.63	1.32	-	42.95



# Boards' Report *(continued)*

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S N.	Particulars of Remuneration	Name of MD/WTD/ Manager
	<b>Name</b>	<b>Chander K. Baljee</b>
	<b>Designation</b>	Managing Director
1	Gross salary	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,851,500.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (A)	<b>15,851,500.00</b>
	Ceiling as per the Act	<b>15,851,500.00</b>

### B. Remuneration to other Directors

S N.	Particulars of Remuneration	Name of Director					Total Amount (Rs)
	<b>Name</b>	<b>Sunil Sikka</b>	<b>R. V. S. Rao</b>	<b>Vijay K. Rekhi</b>	<b>K. Jairaj</b>	<b>Sunita Baljee</b>	
	<b>Designation</b>	<b>Director</b>	<b>Director</b>	<b>Director</b>	<b>Director</b>	<b>Director</b>	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-		-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-		-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-		-	-	-
2	Stock Option	-	-		-	-	-
3	Sweat Equity	-	-		-	-	-
4	Commission	-	-		-	-	-
	- as % of profit	-	-		-	-	-
	- others, specify	-	-		-	-	-
5	Others: Sitting fees as per the attendance during the year	150,000.00	360,000.00	320,000.00	500,000.00	200,000.00	1,530,000.00
	<b>Total</b>	<b>150,000.00</b>	<b>360,000.00</b>	<b>320,000.00</b>	<b>500,000.00</b>	<b>200,000.00</b>	<b>1,530,000.00</b>



## Boards' Report *(continued)*

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S N.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs)
	Name	Amit Jaiswal	Payal Sharma (01.04.2015 to 07.08.2015)	Sudhir Anand (07.08.2015 to 26.12.2015)	
	Designation	Chief Financial Officer	Company Secretary	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,900,000.00	190,500.00	393,817.00	4,484,317.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>3,900,000.00</b>	<b>190,500.00</b>	<b>393,817.00</b>	<b>4,484,317.00</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO** **Section 134(3) (m) of the Companies Act, 2013 read with, Rule 8(3) of The Companies (Accounts) Rules, 2014**

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 for final treatment and utilization of treated water for cooling tower, flushing, landscaping and cleaning purpose.
2. Centralized Air-conditioning chillers system, waste heat dissipated in the cooling tower is captured in the de-super heater and hot water is generated for domestic use and utilised in 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 fresh air and pumped into the back area or Guest area, thereby giving double advantage on energy conservation.
4. Extensive drive has been taken in replacing high energy consuming Incandescent lamp, Halogen lamp, and Metal Halide & Sodium Vapour 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, and 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. Building Management System 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.
17. All the cold equipments purchased for new upcoming hotels use eco-friendly Refrigerant Gas.
18. All the hotel room we are using only energy efficient Absorption system minibar bar Refrigerators.
19. In all the buffet counters we have replace the fuel usage with energy efficient induction heating.
20. In staff cafeterias we are using eco-friendly cooking units with pellets.

### **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 ₹ 9.34 Crores (Previous Year ₹ 12.29 Crores) and the Foreign Exchange outgo on account of commission and others is ₹ 0.91 Crores (Previous year ₹ 0.52 Crores).

## Boards' Report *(continued)*

**G.SHANKER PRASAD ACS ACMA**  
**PRACTISING COMPANY SECRETARY**  
**#10, AG's Colony, Anand Nagar, Bangalore – 560 024**  
**Tel: 080 42146796 email: gsp@grapbind.com**

### **SECRETARIAL AUDIT REPORT** **FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2016**

*[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 31<sup>st</sup> March 2016 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 31<sup>st</sup> March 2016 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;
- vi. Other Laws specifically applicable to the Company:
  - a) Food Safety and Standards Act, 2006 and Food Safety and Standards Rules, 2011.
  - b) Food Safety and Standards (Packing & Labelling) Regulations, 2011.

For the purpose of examining adequacy of compliances with other applicable laws reliance has been placed on the Compliance Certificate issued by the officials of the Company, 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.

## Boards' Report *(continued)*

2. Applicable stipulations pertaining to the Payment of Wages Act, Minimum wages Act, Contract Labour (Regulation and Abolition) Act and other related legislations.

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 and Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the respective applicable period.

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 observation in **Annexure A**, however, this is not an adverse remark or qualification.

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.

**G. Shanker Prasad**

**ACS No.: 6357**

**CP No: 6450**

**Place:** Bengaluru

**Date:** 12<sup>th</sup> August, 2016

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**

The Company has filed all Forms as required by the Companies Act, 2013. However, some Forms have been filed beyond prescribed time.

### **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.

**G. Shanker Prasad**

**ACS No.: 6357**

**CP No: 6450**

**Place:** Bengaluru

**Date:** 12<sup>th</sup> August, 2016





# Management Discussion and Analysis

## Industry Structure and Developments

### World Tourism

In 2015 travel and tourism contributed USD 7.2 trillion to world GDP representing 9.8% of global GDP. Travel and Tourism industry grew by 3.1 per cent in 2015, thus recording the 6th consecutive year of positive growth for the sector. However, the growth in travel and tourism was weak because of weaker than expected economic growth at 2.3 per cent. The sector was also impacted by series of terrorist attacks in countries like Egypt, France, Indonesia, Kenya, Nigeria, Thailand and Tunisia.

Major components of the travel and tourism industry are expected to show faster growth in 2016 as compared to 2015, investment in travel and tourism is expected to grow by 4.7 per cent in 2016 whereas the domestic and international travel and tourism spending is expected to grow by 3.3 per cent and 3 per cent respectively.

### Tourism in India

India is a large market for travel and tourism owing to its vast portfolio of niche tourism destinations. According to India Brand Equity Foundation India has been recognized as a destination for spiritual tourism for domestic and international tourists. Travel and tourism sector has made a contribution of USD 136.3 billion to India's GDP in 2015. The contribution of the travel and tourism sector is expected to increase to USD 275.2 billion in 2025. For India, Travel and Tourism is the third largest foreign exchange earner.

The Medical Tourism Market Report 2015 stated that India was "one of the lowest cost and highest quality of all medical tourism destinations". The government has also launched a new category of Visa known as the M Visa to encourage medical tourism in the country. The Government is also extending its e-Tourist Visa to more and more countries and this facility is now being offered to 150 countries with additional 36 countries likely to be added to the e-Tourist Visa list soon. The results of this facility was also visible this year with 274% growth in tourist arrivals at 4,71,909 on e-Tourist Visa between January - June 2016 compared to 1,26,214 tourist during the same period last year.

The investment in tourism sector is expected to be USD 12.4 billion in the 12th Five Year Plan; of these, private investments are likely to total USD 9.2 billion. Furthermore the government has announced 100 per cent FDI in hotel and tourism sector through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai).

According to WTTC report (Travel & Tourism Economic Impact 2016) strong growth forecasted during the coming years will elevate India into the top ten Travel & Tourism economies by 2026, moving India from 12th in 2015 to 7th by 2026 in terms of total travel and tourism GDP.

### Hospitality

According to IBEF the Indian tourism & hospitality industry is one of the key drivers of growth among the services sector in India. The service sector comprising of hotels and restaurants, repair services and trade has contributed nearly USD 187.9 billion or 12.5 per cent to the Gross Domestic Product (GDP) in 2014-15. The hospitality industry is also one of the fastest growing sectors growing at 11.7 per cent CAGR from 2011 – 12 to 2014 – 15. With increased government initiatives to facilitate tourism and ever growing business opportunities in India the Indian hospitality industry seems poised for the next up cycle. We expect supply to be low in the forthcoming years where as demand to pick up. During FY 2015 – 16 occupancy levels and ARR has increased/decreased across major markets in India.

The launch of several branding and marketing initiatives by the Government of India, such as "Incredible India!" and "Athiti Devo Bhava", have provided a focused impetus to growth of tourism in India.

### Outlook

The various initiatives undertaken by the government to promote tourism especially in tier-II and tier-III cities augurs well for the hospitality industry and Royal Orchid Hotels. The increase in salaries of government employees under the 7<sup>th</sup> Pay commission will also prompt leisure travel especially on week-ends. The Company's is well prepared to capitalize on these opportunities along with revival of regional airports under new aviation policy, increased foreign tourist arrival due to e-tourist visa. Royal Orchid room inventory is expected to touch 3300 by end of this financial year. We will continue with the strategy of asset light model with management contracts as it helps in improved profitability. We are confident that the current year will be a remarkable year for Royal Orchid in laying the foundation for next phase of growth and returning back to profitability after a gap of three years.

### Discussion on Financial Performance with respect to Operational Performance

During the year 2015-16, Royal Orchid consolidated revenue stood at ₹ 158.54 crores compared to ₹ 147.75 crores for the corresponding period previous year, a growth of 7.3 per cent.

The Company recorded a Consolidated EBIDTA of ₹ 26.02 crores for the financial year ended 31<sup>st</sup> March 2016 as compared to ₹ 24.39 crores for the previous year, thus recording a growth of 6.68 percent. On improved operational efficiency, the net loss declined to ₹ 1.30 crore from ₹ 3.87 crore in the corresponding year.

The Company continues 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.

# Management Discussion and Analysis *(continued)*

## • New Hotels opened during the year

During the year under review, the Company has opened Regenta Orkos, Kolkata, Regenta Almeida, Zirakpur, Regenta Resort Central, Dandeli, Regenta Inn, Bengaluru, Regenta Camellia Resort and Spa, Santiniketan, and Regenta Resort Vanya Mahal, Ranthambore.

## • Visits of prominent personalities to the Hotel

Royal Orchid family has been greatly honored and delighted with the visits and presence of many prominent personalities like:

- Mr. Narendra Modi, Prime Minister of India.
- Mr. Jagat Prakash Nadda, Union Minister for Health and Family Welfare.
- Mr. Amitabh Bachchan, Legendary Film Star.
- Mr. Shahrukh Khan, Actor / Bollywood Superstar.
- Mr. Akkineni Nagarjuna, Actor / Telugu Superstar.
- Mr. Lakshmi Narayan, Managing Director, Harman International.
- Professor Jhon B Gurdon, Nobel Laureate in Medicine.
- Professor Serge Haroche, Nobel Laureate in Physics.
- Professor David J. Gross, Nobel Laureate in Physics.
- Professor Dan shechtman, Nobel Laureate in Chemistry.
- Mrs. Vyjayanthimala, Bollywood Sensation from the 50's and 60's.

## • Participation in major Exhibitions held during the year

PATA 2016 – Pacific Asia Travel Association on Sept 7 - 9, 2015 at the Bangalore International Exhibition Centre.

Great Indian Travel Bazaar on April 19 - 21, 2016 at the Jaipur Exhibition and Conference Centre.

## • Construction of Convention Halls and Renovation of Banquets

Your Company has recently opened two convention halls in Bengaluru at the Royal Orchid Resort and Convention Hall, Yelahanka, Bengaluru and also renovated the Banquets and rooms, at the Hotel Royal Orchid, Bengaluru, besides renovation of hotels.

## Risk and Concerns

Royal Orchid group is well spread across in India with presence both in tier-I and tier II cities. For our growth plans, the most important resource is the manpower and finding the good quality people in the hospitality industry is one of the biggest challenges. Even tourist facilities have lack of skilled people to fill all the positions to cater to international visitors. The government is taking lot of initiatives for the development of tourism infrastructure, but the tourism industry is weighed down by infrastructure problems once visitors arrive, including inadequate

roads, water, sewer and telecommunications. Service, luxury and transportation taxes are high, and hit visitors in their pocket when planning a trip to India. With Goods and Services Tax (GST) likely to be passed and this could lead to higher taxes which in turn could impact 3-5 star category of hotels. Tourism and hospitality industry growth is highly correlated to the social and economic environment and any social unrest in any part of the country could impact the tourist inflow especially foreign.

## Internal Control Systems and adequacy

The Company has 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 concurrent 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.

## 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 roll and contractual employees as at March 31, 2016 was 3,124 across all its units.

The Company is ensuring the best place to work to attract and retain good employees in the Company. The Company continued to strive towards attracting, retaining, training, multiskilling employees. 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 through Presidency college of Hotel Management. 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.

## 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, 2016

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Royal Orchid Hotels Limited (hereinafter referred to as "ROHL" or "your Company"), observes the Corporate Governance principles and practices as key to sustainable corporate growth and long term shareholders' value creation. ROHL, its 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 its long term success.

Your Company believes in maintaining the highest standards of corporate governance, not only in form but also in substance by incorporating 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 Code of Conduct, Whistle Blower Policy, CSR Policy, and Code for Prohibition of Insider Trading and such other policies. We have summarized the same in this Corporate Governance Report.

#### ROHL's 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 ROHL

Corporate Governance philosophy is put into practice at ROHL group 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.
- i. The Shareholders appoint the Board of Directors and authorizes the Board to conduct the business and ensure accountability to all the stakeholders.
  - ii. 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.
  - iii. The Committees of the Board are responsible to set governance policies and principles and overview the internal controls of the Company.
  - iv. 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.

### 2. Governance by Board

#### 2.1 Board of Directors

1. The Board of Directors of your Company which consists of an optimum mix of Executive and Non-Executive Directors. 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.

Pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), came into effect on December 1, 2015 and in pursuance of Clause 49 of the Listing Agreements with Stock Exchanges, effective till November 30, 2015, as on March 31, 2016, the Board has six directors out of which one is Executive Director, two are Non-Executive Non-Independent Directors and three i.e., half of the Board comprises of Independent Directors.



# Corporate Governance Report *(continued)*

## Directorships and Committee Memberships held by Directors in companies other than Royal Orchid Hotels Limited as on March 31, 2016.

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	1	-	-
Mr. Sunil Sikka	56	Non Executive Director	00083032	30/09/2000	1	-	-
Mr. R.V.S. Rao	71	Non-executive and Independent Director	00061599	27/08/2005	4	2	3
Mr. Vijay Rekhi	69	Non-executive and Independent Director	00191298	06/07/2011	1	-	-
Mr. K. Jairaj	63	Non-executive and Independent Director	01875126	05/08/2013	4	-	-
Ms. Sunita Baljee	61	Non Executive Director	00080737	01/04/2015	-	-	-

\* Public Companies other than subsidiaries of Public Companies

- Number of Directorships held in other public companies includes all companies, whether listed or unlisted but excludes foreign companies, other body corporates and professional bodies. The limits on directorships of Independent Directors and Executive Directors are within the permissible limits.
- During the year under review, necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors. None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees across all Indian Companies.
- As on March 31, 2016, all Independent Directors have submitted their declarations to the effect that they fulfil the criteria as laid down in Regulation 16(1)(b) of LODR, Sections 2 (47) and 149(6) of the Companies Act, 2013 and rules made there under.
- 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 will be in accordance with the Companies Act, 2013 and the LODR.
- Mr. Vijay K. Rekhi (DIN: 00191298) is proposed to be re-appointed for second term in the ensuing Annual General Meeting his brief profile is disclosed in the Annexure to Notice calling 30th Annual General Meeting of the Company.
- Dr. Vivek Mansingh (DIN: 06903079), who was appointed as Additional Director on the Board w.e.f. 12.08.2016, is now proposed to be appointed as

Independent Director for a term of 5 (Five) Years, in the ensuing Annual General Meeting his brief profile is disclosed in the Annexure to Notice calling 30th Annual General Meeting of the Company.

- Mr. Sunil Sikka (DIN: 00083032), who was holding the position of Whole Time Director in the Company, has resigned from the office of Whole Time Director w.e.f. 07.08.2015 and remained on the Board of Company in the capacity of non-executive Director.
  - Mr. Sunil Sikka (DIN: 00083032), Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment, his brief profile is disclosed in the Annexure to Notice calling 30th Annual General Meeting of the Company.
  - Except Ms. Sunita Baljee and Mr. Sunil Sikka, Directors of the Company, who are relatives of Mr. C. K. Baljee, Managing Director of the Company, none of the Directors on Board are related to each other.
- ### 11. Meetings of the Board and Attendance thereat
- #### Scheduling of Board meetings and agenda fixation
- The schedule of Board Meetings is communicated to all the Directors in advance, to enable them to schedule their effective participation during Board Meetings.



# Corporate Governance Report *(continued)*

- b) 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.
- c) During the year under review, your Board met four times on 30.05.2015, 07.08.2015, 04.11.2015 and 28.01.2016.
- d) During the year under review, 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.
- e) The Annual General Meeting for the Financial Year 2014 - 2015 was held on September 29, 2015.

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	4	4	Yes
Mr. Sunil Sikka	4	3	No
Mr. R. V. S. Rao	4	3	Yes
Mr. Vijay K. Rekhi	4	3	Yes
Mr. K. Jairaj	4	4	Yes
Ms. Sunita Baljee	4	4	Yes

## f) Information provided to the Board and its Committees

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- 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 listed entity, or substantial non-payment for goods sold by the listed entity.

- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and 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.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

## g) 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.

## 12. Directors Shareholding in the Company as on March 31, 2016

Name of the Director	Designation	No. of Equity Shares held by the Directors	Percentage of holding (%)
Mr. C. K. Baljee	Managing Director	120,14,560	44.12
Mr. Sunil Sikka	Non Executive Director	15,296	0.06
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
Ms. Sunita Baljee	Non-Executive Director	2,26,260	0.83

# Corporate Governance Report *(continued)*

## 13. Familiarisation programme for Independent Directors

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.

The Company has made a familiarisation programme for the Independent Directors, which has been disclosed on Company's website at [www.royalorchidhotels.com/pdfs/familiarization-programmes.pdf](http://www.royalorchidhotels.com/pdfs/familiarization-programmes.pdf).

## 2.1.2 Brief Profile of Board of Directors

### Mr. C. K. Baljee

A Management Graduate from Indian Institute of Management, 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 and LA).

### Mr. R.V.S. Rao

A Bachelor's degree holder in Commerce from Mysore University and a Bachelor's degree holder in Law from Bangalore University, Mr. Rao has an experience of over 36 years in banking and finance and was also 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, and 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

A Master's degree holder in Economics from Delhi School of Economics and an MBA from Indian Institute of Management, 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 and Beverage Alcohol.

### Mr. K. Jairaj

An 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 is a BA. (Hons.) from Bangalore University, M.A. in 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

A Post-Graduate in Commerce and has vast experience in the Export Business.

### Mrs. Sunita Baljee

A co-promoter and one of the founders of Royal Orchid Hotels Limited, She is a Master's degree holder in Business Administration from the University of Raipur.

## II. Governance by Board Committees

### Committees of Board

The Board has constituted following Committees and each Committee has its terms of reference as Charter.

The Chairman of each Committee along with other Members, decides the agenda, frequency and duration of each meeting and if required, with other Members of the Board also.





# Corporate Governance Report *(continued)*

As on March 31, 2016, the Board has following four Committees:

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders Relationship Committee; and;
- Corporate Social Responsibility Committee.

## Audit Committee –

### 1. Terms of Reference

**The Audit Committee reports to the Board and the roles, responsibilities and the terms of reference of the same are as follows:**

- a) Overseeing 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.
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report;
  - Modified opinion(s) in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/

notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- h) Approval or any subsequent modification of transactions of the Company with related parties.
- i) Scrutiny of inter-corporate loans and investments.
- j) Valuation of undertakings or assets of the Company, wherever it is necessary.
- k) Evaluation of internal financial controls and risk management systems.
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Discussion with internal auditors any significant findings and follow up thereon.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the Whistle Blower mechanism.
- s) Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u) Management discussion and analysis of financial condition and results of operations.
- v) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.

# Corporate Governance Report *(continued)*

- w) Management letters/ letters of internal control weaknesses issued by the statutory auditors.
- x) Internal audit reports relating to internal control weaknesses.
- y) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
- z) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.
- aa) Annual Statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of Listing Regulations and
- bb) The Audit Committee of the listed holding Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

## 2. Composition of Committee:

### Composition of the Nomination and Remuneration Committee:

In accordance with Section 177 of the Companies Act, 2013 and Regulation 19 of LODR, as on March 31, 2016, Audit Committee of the Company is duly constituted having three members, all of them are Non-Executive Independent Directors and the Chairman of the Committee is financially literate.

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	Non-Executive Independent Director	Chairman
Mr. Vijay Rekhi	Non-Executive Independent Director	Member
Mr. K. Jairaj	Non-Executive Independent Director	Member

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

## 3. Meetings and Attendance of the Members of the Audit Committee:

During the financial year 2015-16, the Audit Committee has met 4 times, i.e., 30.05.2015, 07.08.2015, 04.11.2015

and 28.01.2016 and attendance of the members is given below:

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

## Nomination and Remuneration Committee –

1. Brief Terms of Reference and Performance evaluation and Payment criteria for Directors and Independent Directors

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Our compensation philosophy is to align Directors and employee compensation with our business objectives, so that compensation is used as a strategic tool that helps us recruit, motivate and retain highly talented individuals who are committed to our core values. We believe that our compensation programs are integral to achieving our goals. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance of the Company.

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 Company pays remuneration by way of salary to its Managing Director. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the Board and Shareholders.

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.



# Corporate Governance Report *(continued)*

During the year under review the Independent Directors were oriented on various provisions and compliances of new Companies Act, 2013, introduction of Listing Regulation, SEBI guidelines, Internal Financial Controls and Accounting Standards by Consultants and Statutory Auditors.

## Criteria for selection of Independent Directors

- 1) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of information technology, sales/ marketing, finance, taxation, law, governance and general management.
- 2) In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- 3) The Nomination and Remuneration Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as Director:
  - a) Qualification, expertise and experience of the Directors in their respective fields;
  - b) Personal, Professional or business standing; and
  - c) Diversity of the Board.

In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/ her engagement level.

## 2. Composition of the Nomination and Remuneration Committee:

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the LODR, as on March 31, 2016, Nomination and Remuneration Committee of the Company is duly constituted comprising of three members, all of them are Non-Executive Independent Directors and the chairperson is a Non-Executive Independent Director.

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

## 3. Meetings and Attendance of Members of Nomination and Remuneration Committee:

During the Financial Year 2015 - 2016, the Nomination

and Remuneration Committee has met 1 time, i.e., 07.08.2015 and attendance of the members is given below:

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

## 4. Details of Key Managerial Personnel who are appointed or resigned during the year:

- a) During the year under review, Ms. Payal Sharma, Company Secretary of the Company, resigned from the office of Company Secretary w.e.f. 07.08.2015 and on her place, Mr. Sudhir Anand was appointed as Company Secretary of the Company w.e.f. 07.08.2015.
- b) During the year under review, Mr. Sudhir Anand, Company Secretary of the Company, resigned w.e.f. 26.12.2015.

## 5. Performance evaluation criteria for Independent Directors:

The performance evaluation criteria for Independent Directors and payment criteria for other Non-Executive Directors are disclosed on the web link: [www.royalorchidhotels.com/pdfs/Non-Executive-Directors.pdf](http://www.royalorchidhotels.com/pdfs/Non-Executive-Directors.pdf) and [www.royalorchidhotels.com/pdfs/Terms-Independent-Directors.pdf](http://www.royalorchidhotels.com/pdfs/Terms-Independent-Directors.pdf).

## Details of remuneration paid to the Directors for the year 2015-2016

During the year under review, the Ministry of Corporate Affairs vide their letter number: SRN/C54697651/5/2015 – CL.VII dated November, 3<sup>rd</sup>, 2015, has approved a total remuneration of ₹ 1,58,81,500/- to Mr. C. K. Baljee (DIN: 00081844), Managing Director of the Company, for Financial Year 2015 – 2016 and in accordance with the Central Government approval and the remuneration policy of the Company following are the details of remuneration to the Board:

Sl. No.	Name of Director	Sitting fees(₹)	Salary (₹)	Commission (₹)
1.	Mr. C. K. Baljee	NIL	158.82	NIL
2.	Ms. Sunita Baljee	2.00	NIL	NIL
3.	Mr. Sunil Sikka	1.50	NIL	NIL
4.	Mr. R. V. S. Rao	3.60	NIL	NIL
5.	Mr. Vijay K. Rekhi	3.20	NIL	NIL
6.	Mr. K. Jairaj	5.00	NIL	NIL

Note: No stock options have been granted to any of the Directors during the financial year 2015-2016.

# Corporate Governance Report *(continued)*

## Stakeholders Relationship Committee –

### 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.

### 1. Composition of Stakeholders Relationship Committee:

In terms of Section 178 of the Companies Act, 2013 and Regulation 20 of LODR, the Stakeholders' Relationship Committee of the Company is duly constituted comprises of three members out of which two members are Non-Executive Independent Directors and One is an

Executive Director and the chairman of the Committee is a Non-Executive Independent Director.

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

### 2. Meetings and Attendance of members of Stakeholders Relationship Committee

As a good corporate governance practice at your Company, four meetings are usually held in order to consider, discuss and review the quarterly stock exchange compliances of the Company, share transfers and stakeholders' grievances.

During the financial year 2015-2016, the Stakeholders' Relationship Committee has met 4 times, i.e., 28.05.2015, 07.08.2015, 04.11.2015 and 28.01.2016 and attendance of the members are given below:

Name	Stakeholders Relationship Committee Meetings	
	Held	Attended
Mr. K. Jairaj	4	4
Mr. R. V. S. Rao	4	3
Mr. C. K. Baljee	4	4

3. The Secretarial Department monitors the share transfer process and reports to the Company's Board in each meeting and the said Department also directly liaises with the authorities such as SEBI, Stock Exchanges, ROC etc., and investors with respect to implementation of various clauses, rules, regulations and other directives of such authorities and investor service and complaints related matter. There is no share transfer pending for more than 15 days.

Your Company has a designated email ID, cosec@royalorchidhotels.com for the redressal of any Stakeholders' related grievances exclusively for the purpose of registering complaints by Members/ Stakeholders. Your Company has also displayed the said email ID under the investors section at its website, www.royalorchidhotels.com and other relevant details prominently for creating investor/ stakeholder awareness.



## Corporate Governance Report *(continued)*

Your Company maintains a functional website containing necessary information about the Company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and/ or their associates, etc., at [www.royalorchidhotels.com/common/about-ro-investors.asp](http://www.royalorchidhotels.com/common/about-ro-investors.asp) and the contents of the said website are updated at any given point of time as per the requirements of Listing Agreement, Companies Act, 2013 and Regulation 46 of LODR.

The Company has appointed Integrated Enterprises (India) Limited as its Registrar and Share Transfer Agent, they are entitled to handle the Investor's Grievances as and when received the Company, they have sufficient infrastructure to process and resolve these grievances.

The Registrar and Share Transfer Agent, in every quarter, send the Company, a status of investor's grievances and as on 31st March, 2016, there were no complaints pending to be resolved. Following is the complete status of Investor's Grievances during the Financial Year 2015-2016:

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
2	2	NIL

### Corporate Social Responsibility (CSR) Committee:

The Board has constituted the CSR Committee as per the requirements of the Companies Act, 2013 along with applicable Rules.

#### 1. 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.

#### 2. 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 at least 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	Non-Executive Independent Director	Chairman
Mr. C. K. Baljee	Managing Director	Member
Mr. Sunil Sikka	Non-Executive Director	Member

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

- The Company has met once during the year on August 07, 2015 and all members attended the meeting.

### 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.

# Corporate Governance Report *(continued)*

## 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

Your Company has constantly given high priority to social concerns. Your Company continually strive towards sustainable development by trying to find a balance between the needs of our customers and responsible care

for the environment. Your Company is committed to protect and promote the environment. Your Company has a well-defined Environment Policy and all our units have proper environmental management system in place. The several initiatives taken are given in the Board's Report.

## IV. Governance to Shareholders

### General Body Meetings

Annual General Meeting for the year 2015 - 2016 is scheduled to be held on Thursday, SEPTEMBER 29, 2016 AT 10.00 A. M. The meeting will be conducted at the ROYAL ORCHID RESORT AND CONVENTION CENTER, ALLALSANDRA, BELLARY ROAD, YELAHANKA, NEAR JAKKUR FLYING CLUB, BENGALURU - 560 065, KARNATAKA.

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, 2016 before 10.00 A. M.

## Annual General Meetings

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
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	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
2014-15	29.09.2015	11.00 A. M.	Registered Office	Appointment of 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).

## Extraordinary General Meeting

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2012-13				
2013-14				No Extraordinary General Meeting was conducted during last three years
2014-15				





# Corporate Governance Report *(continued)*

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

During the year under review, at the Annual General Meeting, the Company passed the Resolutions through E-Voting system of Central Depository Services Limited (CDSL) and voting at through Poll Paper (MGT – 12). The result of the E-voting and voting through poll is detailed herein below:

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.	20	1,94,56,399	2	296	89.01%
2.	19	1,94,56,299	3	396	89.01%
3.	19	1,94,56,299	3	396	89.01%
4.	19	1,94,56,299	3	396	89.01%
5.	18	1,94,56,297	4	398	89.01%
6.	18	1,94,56,297	4	398	89.01%
7.	18	1,94,56,297	4	398	89.01%

The result of the voting through electronic means and through poll was announced on September 29, 2015. After declaration, the result was communicated to the stock exchanges and the report of the Scrutiniser (MGT-13) was also posted on the Company's website at [www.royalorchidhotels.com/pdfs/scrutinizer-report.pdf](http://www.royalorchidhotels.com/pdfs/scrutinizer-report.pdf).

## Scrutinizer:

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

## 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 and Vijayavani
3	Company's Website	<a href="http://www.royalorchidhotels.com">www.royalorchidhotels.com</a>
4	Websites' investor's section	<a href="http://www.royalorchidhotels.com/common/about-ro-investors.asp">www.royalorchidhotels.com/common/about-ro-investors.asp</a>
5	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

## General Shareholder Information

### 1. Annual General Meeting:

Date	: Thursday, September 29, 2015
Time	: 10.00 a.m.
Venue	: ROYAL ORCHID RESORT AND CONVENTION CENTER, ALLALSANDRA, BELLARY ROAD, YELAHANKA, NEAR JAKKUR FLYING CLUB, BENGALURU - 560 065, KARNATAKA.

### 2. Financial Calendar:

Financial Year:	<b>2015-16</b>
Book Closures Dates:	<b>Thursday, September 22, 2016 to Thursday, September 29, 2016</b>
Cut-off date for the purpose of remote E- voting	<b>Thursday, September 22, 2016</b>
Dividend Declaration:	<b>No Dividend is to be declared</b>
Exchange on which Equity Shares are listed:	<b>The National Stock Exchange of India Limited</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051  <b>The Bombay Stock Exchange Limited</b> Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai – 400 001

# Corporate Governance Report *(continued)*

## 3. Financial Reporting (held and tentative)

<b>For the quarter ended 30.06.2016</b>	August 2016
<b>For the quarter ending 30.09.2016</b>	November 2016
<b>For the quarter ending 31.12.2016</b>	February 2017
<b>For the quarter ending 31.03.2017</b>	May 2017

4. Listing fees for the year ending 2015-16 has been paid to both the Stock Exchanges where shares are listed.

## 5. Scrip Code:

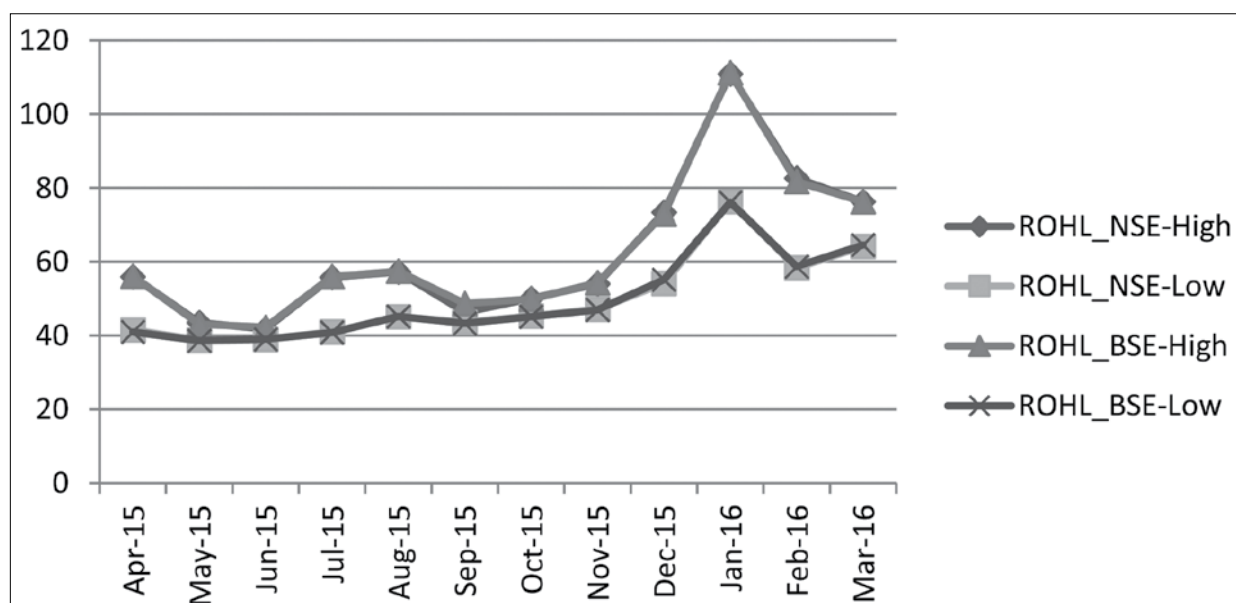
Particulars	Scrip Code
<b>The National Stock Exchange of India Limited</b>	ROHLTD
<b>The Bombay Stock Exchange Limited</b>	532699
<b>ISIN Numbers in NSDL &amp; CDSL</b>	INE283H01019

## 6. 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 2015 to March 2016.

Month	National Stock Exchange (NSE)		Bombay Stock Exchange (BSE)	
	ROHL_NSE-High	ROHL_NSE-Low	ROHL_BSE-High	ROHL_BSE-Low
Apr-15	55.95	41.55	56.10	41.00
May-15	43.50	38.75	43.05	38.60
Jun-15	41.75	39.00	42.25	39.00
Jul-15	55.80	41.00	56.00	40.85
Aug-15	57.25	45.10	57.45	45.20
Sep-15	46.30	43.60	48.70	43.30
Oct-15	50.05	45.30	49.90	45.15
Nov-15	54.05	47.15	54.30	47.00
Dec-15	73.40	54.17	72.95	55.15
Jan-16	110.95	76.3	111.25	76.15
Feb-16	82.7	58.35	81.75	58.7
Mar-16	76.30	64.15	76.25	64.55

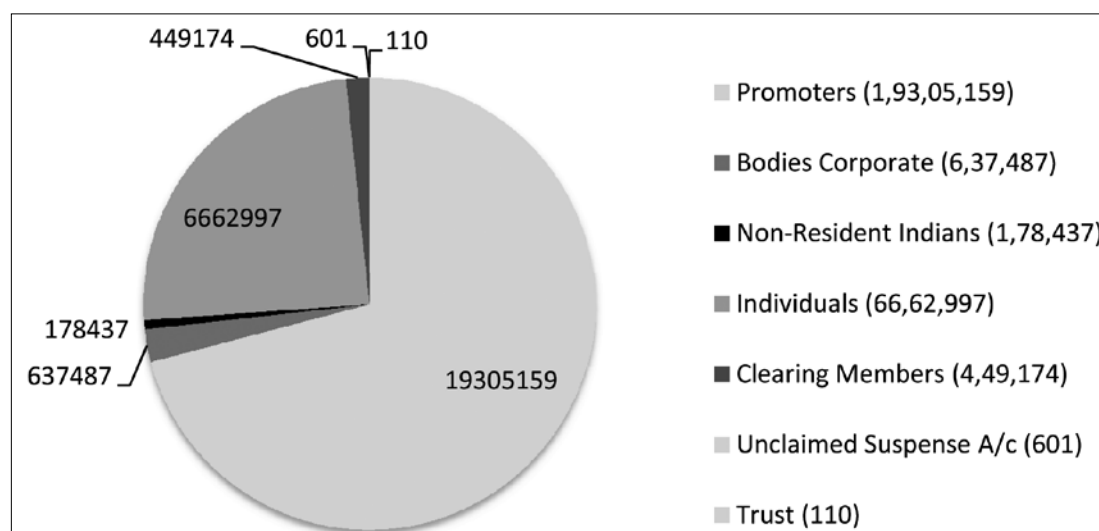
(Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com))



# Corporate Governance Report *(continued)*

## 7. Distribution of Shareholding as on March 31, 2016

Category	No of shares held	% to Paid up capital
Promoters	1,93,05,159	70.89
Bodies Corporate	6,37,487	2.34
Non-Resident Indians	1,78,437	0.66
Individuals	66,62,997	24.47
Clearing Members	4,49,174	1.65
Unclaimed Suspense A/c	601	0.00
Trust	110	0.00
<b>TOTAL</b>	<b>27,233,965</b>	<b>100.00</b>



## 8. Distribution Schedule as on March 31, 2016

Category	No. of Members	% of Total	Amount	% of Total
Upto 5000	15,905	90.79	1,53,94,980	5.65
5001 - 10,000	777	4.44	62,86,200	2.31
10,001 - 20,000	397	2.27	60,84,210	2.23
20,001 - 3,000	140	0.80	35,91,320	1.32
30,001 - 40,000	64	0.37	23,16,350	0.85
40,001 - 50,000	56	0.32	26,63,810	0.98
50,001 - 1,00,000	94	0.54	70,01,740	2.57
1,00,001 and above	86	0.49	22,90,01,040	84.09
<b>Total</b>	<b>17,519</b>	<b>100.00</b>	<b>27,23,39,650</b>	<b>100.00</b>

# Corporate Governance Report *(continued)*

## 9. Top ten shareholders of the Company (excluding promoters) as on March 31, 2016

Sl. No.	Name of Shareholder	No. of Shares
1	Ashish Kacholia	10,73,587
2	Abhinandan Leasing and Finance Pvt Ltd	1,80,827
3	Suresh Bhatia	1,65,190
4	ICICI Securities Limited	1,40,144
5	Rahul Goenka	1,05,000
6	Sachin Kasera	1,00,000
7	Ajaykumar Vakharia	1,00,000
8	Rajesh Kumar Agrawal	93,014
9	J M Global Equities Private Limited	75,670
10	Sampath Reddy Baddam	66,649

## 10. 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 99.79% of the paid-up equity share capital of the Company has been dematerialized as on March 31, 2016.

Description	No. of Share-holders	No. of shares	% of Equity
Physical	90	56,822	0.21%
CDSL	4,911	21,42,845	7.87%
NSDL	12,518	2,50,34,298	91.92%
<b>Total</b>	<b>17,630</b>	<b>2,72,33,965</b>	<b>100.00%</b>

## 11. Registrar & Share Transfer Agent

Company has appointed a Registrar and Share Transfer Agent to smoothen the share transfer process, any request for transfers, transmissions, duplicate share certificates, updation of folio records etc., can be made to our Registrar and Share Transfer Agent at following address:

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](mailto:alfint@vsnl.com)

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

## 12. Hotels & Resorts Locations:

The Hotel Locations consisting of address and other contact details have been provided at [www.royalorchidhotels.com/common/contact-hc.asp](http://www.royalorchidhotels.com/common/contact-hc.asp)

## 13. Address for Correspondence:

Secretarial Department  
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](mailto:cosec@royalorchidhotels.com)/[co.secretary@royalorchidhotels.com](mailto:co.secretary@royalorchidhotels.com)

## Other Disclosures:

- 1. Related Party Transactions:** 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.

- 2. Statutory compliances, penalties:** Details of non-compliance by the Company, penalties, and 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.

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.

- 3. Vigil Mechanism and Whistle Blower Policy:** Establishment of Vigil Mechanism and Whistle Blower policy and affirmation that no personnel have 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 behaviour 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 vigil mechanism in line with the Companies Act, 2013 and the LODR, for employees to report concerns about alleged wrongful conduct, including unethical behaviour, 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 and it is also available on the website of the Company at [www.royalorchidhotels.com/pdfs/Whistle-Blower-Policy.pdf](http://www.royalorchidhotels.com/pdfs/Whistle-Blower-Policy.pdf).



# Corporate Governance Report *(continued)*

## 4. Compliance with mandatory and non-mandatory requirements under Chapter IV of LODR:

The Company has disclosed all the mandatory requirements under Chapter IV of LODR and Schedules thereto.

## 5. Disclosure on Policies for Determining Material Subsidiaries and Material Related Party Transactions

The Board, in its meeting held on November 04, 2015, had reviewed and revised the Policy for Determining Material Subsidiary and Policy for Determining Material Related Party Transactions; the same has been disclosed on weblink: [www.royalorchidhotels.com/pdfs/Determining-Material-Subsidiary.pdf](http://www.royalorchidhotels.com/pdfs/Determining-Material-Subsidiary.pdf) and [www.royalorchidhotels.com/pdfs/Policy-Related-party-transaction.pdf](http://www.royalorchidhotels.com/pdfs/Policy-Related-party-transaction.pdf).

## 6. Compliance with Clause 47(f) of the Listing Agreements with Stock Exchanges and Regulation 6 of the LODR:

In compliance with the provisions of Regulation 6 of LODR, a separate designated e-mail ID [cossec@royalorchidhotels.com](mailto:cossec@royalorchidhotels.com) operates as a dedicated ID solely for the purpose of registering investor grievances.

## 7. 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 and in terms of the LODR. The Certificate is appended as **Annexure – A**.

## 8. Declaration on Compliance with Code of Conduct of the Company:

Pursuant to Clause 49(II)(E) and Regulation 17 of the LODR, 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 and Regulation 17 of the LODR. The Certificate is appended as **Annexure – B**.

## 9. CEO/CFO Certification:

Pursuant to Clause 49(IX) of the Listing Agreement and the LODR, 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.

## 10. Reconciliation of Share Capital Audit:

As required under Regulations 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, 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 in every quarter.

## 11. Subsidiary

The Company has 13 Indian Subsidiaries and 1 foreign subsidiary as on the year ended 31st March, 2016. One of the Independent Directors of the Company is also on the Board of two Subsidiary Companies.

## 12. 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
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
2014-15	NIL	NA	NA	NA	NA

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

During the year 2015-2016 the Company has transferred an amount of ₹ 380,472/- being unclaimed amount to the General Revenue Account / Investor Education and Protection Fund (IEPF) pursuant to Section 124 of the Companies Act, 2013.

# Corporate Governance Report *(continued)*

## 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<sup>st</sup> March 2016, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges and Schedule - V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to compliance of Corporate Governance.

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 and the said Schedule. 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 and the Schedule - V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to compliance of Corporate Governance.

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 : August 12, 2016

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

## Annexure – B

### Declaration by the Managing Director under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Compliance with Code of Conduct

In accordance with Clause 49(I)(E) of the Listing Agreement with the Stock Exchange and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

Place : Bengaluru  
Date : August 12, 2016

**C. K. Baljee**  
Managing Director



# Corporate Governance Report *(continued)*

## Annexure – C

### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification (Pursuant to Clause 49(IX) of Listing Agreement and Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### 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, 2016:
  - 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 2015-16;
  - 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 30, 2016

**Chander K Baljee**  
Managing Director

**Amit Jaiswal**  
Chief Financial Officer



# Independent Auditors' Report

To the Members of Royal Orchid Hotels Limited

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ROYAL ORCHID HOTELS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and 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

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 prescribed under section 133 of the Act, as applicable.

This responsibility also includes 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 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our 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 audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements 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 financial statements are free from material misstatement.

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 control 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. 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.

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

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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 2 of the financial statements. As stated therein, the Company's current liabilities exceeded its current assets as at the balance sheet date by ₹ 1,512.10 lakhs. Further, the Company is committed to provide financial and operational support to a jointly controlled entity and two of its subsidiaries. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis considering the credit facility/term loan firmed up with a bank/ financial institution, management's assessment of future operational plans and cash flows to discharge its liabilities in the normal course of business and other mitigation plans as described in the said Note. The ability of the Company to continue as a going concern is dependent on the successful outcome of the mitigation plans.



# Independent Auditors' Report *(continued)*

Our opinion is not qualified in respect of the above matter.

## Report on Other Legal and Regulatory Requirements

1. 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 purposes 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 prescribed under section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The going concern matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (h) 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) The Company has disclosed the impact of pending litigations on its financial position in its financial statements ;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Monisha Parikh**

Partner

(Membership No. 47840)

**BENGALURU,**

May 30, 2016

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **ROYAL ORCHID HOTELS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company as of and for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business,

# Independent Auditors' Report *(continued)*

including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions

and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Monisha Parikh**

Partner

(Membership No. 47840)

**BENGALURU,**

May 30, 2016



# Independent Auditors' Report *(continued)*

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items 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. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and based on the examination of the lease agreements, we report that in respect of building constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

With respect to freehold land, where the Company has a share of undivided land jointly with other entities, according to the information and explanations given to us and based on the examination of registered sale deed provided to us, we report that, the title deeds comprising of such immovable property as at the balance sheet date, is held in the name of the Company.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals
- (vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) Undisputed statutory dues including Employee State Insurance, Provident Fund, Service Tax, Profession tax, Tax deducted at source, Luxury Tax, Value Added Tax, and other material statutory dues, as applicable, have not generally been regularly deposited with appropriate authorities and there have been delays in many cases.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable other than as reported below.

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Due Date
Delhi Value Added Tax Act, 2004	Value added taxes	8,179,328	April 2012 - March 2013	20 <sup>th</sup> of the following month

- (b) Details of dues, which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹)
Income tax Act, 1961	Income Tax	Commissioner of Income Tax- Appeals	Financial year 2008-09	22,745,640
			Financial year 2010-11	1,98,74,500
			Financial year 2011-12	22,82,302
Customs Act, 1962	Customs Duty	Commissioner of Customs Appeals	Financial year 2006-07	332,680

and no material discrepancies were noticed on physical verification.

- (iii) According to the information and explanations given to us, the Company has granted unsecured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
- (c) The schedule of repayment is not stipulated and in the absence of such schedule, we are unable to comment on the overdue amount, if any remaining outstanding as at the balance sheet date.
- (iv) The Company has not granted any loans that are covered under the provisions of section 185 of the Act and provisions of section 186 of the Act in respect to granting of loans, making investments and providing guarantees and securities are not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.

## Independent Auditors' Report *(continued)*

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has no borrowings from government and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and

the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Monisha Parikh**

Partner

(Membership No. 47840)

**BENGALURU,**

May 30, 2016



**Balance Sheet as at 31 March 2016**

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	272,339,650	272,339,650
Reserves and surplus	5	1,671,311,095	1,596,473,124
		<b>1,943,650,745</b>	<b>1,868,812,774</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	361,376,821	362,855,511
Deferred tax liability (Net)	7	-	-
Long-term provisions	8	12,969,303	11,662,489
		<b>374,346,124</b>	<b>374,518,000</b>
<b>Current liabilities</b>			
Short-term borrowings	9	10,500,000	15,166,140
Trade payables	10		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		187,519,894	177,926,744
Other current liabilities	11	163,855,333	146,597,602
Short-term provisions	12	1,967,834	9,223,929
		<b>363,843,061</b>	<b>348,914,415</b>
<b>Total</b>		<b>2,681,839,930</b>	<b>2,592,245,189</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	337,689,191	328,962,702
Capital work-in-progress		16,858,108	18,114,945
Non-current investments	14	1,629,206,386	1,546,962,019
Long-term loans and advances	15	485,452,840	443,267,917
		<b>2,469,206,525</b>	<b>2,337,307,583</b>
<b>Current assets</b>			
Inventories	16	11,652,109	11,233,087
Trade receivables	17	90,928,144	117,146,052
Cash and bank balances	18	50,596,816	76,690,815
Short-term loans and advances	19	15,999,391	32,631,245
Other current assets	20	43,456,945	17,236,407
		<b>212,633,405</b>	<b>254,937,606</b>
<b>Total</b>		<b>2,681,839,930</b>	<b>2,592,245,189</b>

See accompanying notes to financial statements.

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In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants**Monisha Parikh**  
PartnerBengaluru  
30 May 2016**For and on behalf of the Board of Directors****Chander K Baljee**  
Managing Director**R V S Rao**  
Director**Amit Jaiswal**  
Chief Financial OfficerBengaluru  
30 May 2016

## Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>Revenue</b>			
Revenue from operations	21	878,532,943	846,294,945
Other income	22	56,072,938	86,466,056
<b>Total revenue</b>		<b>934,605,881</b>	<b>932,761,001</b>
<b>Expenses</b>			
Food and beverages consumed	23	120,416,177	115,280,463
Employee benefits expense	24	183,464,235	196,712,074
Finance costs	25	61,100,842	63,245,471
Depreciation and amortisation	26	39,975,753	43,963,231
Other expenses	27	468,010,903	443,801,423
<b>Total expenses</b>		<b>872,967,910</b>	<b>863,002,662</b>
<b>Profit before exceptional item and tax</b>		<b>61,637,971</b>	<b>69,758,339</b>
Exceptional item	40	13,200,000	20,000,000
<b>Profit before tax</b>		<b>74,837,971</b>	<b>89,758,339</b>
<b>Tax expense</b>			
Current tax		15,300,000	18,300,000
Minimum alternate tax credit		(15,300,000)	(18,300,000)
Deferred tax		-	-
		-	-
<b>Profit for the year</b>		<b>74,837,971</b>	<b>89,758,339</b>
<b>Earnings per equity share of ₹10 each</b>			
Basic/Diluted	28	2.75	3.30

See accompanying notes to financial statements.

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In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Monisha Parikh**  
Partner

Bengaluru  
30 May 2016

**For and on behalf of the Board of Directors**

**Chander K Baljee**  
Managing Director

**R V S Rao**  
Director

**Amit Jaiswal**  
Chief Financial Officer

Bengaluru  
30 May 2016





**Cash Flow Statement for the year ended 31 March 2016**

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>74,837,971</b>	<b>89,758,339</b>
Adjustments for:		
Depreciation	39,975,753	43,963,231
Interest income	(22,322,364)	(75,688,331)
Interest expense, net	61,100,842	63,245,471
(Gain)/loss on sale/disposal of tangible assets	2,668,594	117,699
Liability no longer required, written back	(15,715,452)	-
Provision for doubtful trade receivables	3,565,982	255,622
Unrealised exchange gain	(8,601,182)	-
<b>Operating profit before working capital changes</b>	<b>135,510,144</b>	<b>121,652,031</b>
Changes in working capital:		
(Decrease)/Increase in provisions	(5,949,281)	910,462
Increase/(decrease) in trade payables and other liabilities	19,281,244	37,499,986
Decrease/(Increase) in trade receivables and unbilled revenue	21,510,237	(33,457,629)
(Increase)/Decrease in inventories	(419,022)	842,629
Decrease in loans and advances	26,322,309	12,914,992
<b>Cash generated from operations</b>	<b>196,255,631</b>	<b>140,362,471</b>
Direct taxes paid (net)	15,892,646	19,282,071
<b>Net cash generated from operating activities</b>	<b>180,362,985</b>	<b>121,080,400</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (including changes in capital work-in-progress, project advances and net of project creditors and retention money payable)	(62,051,809)	(29,054,266)
Proceeds from sale of fixed assets	15,000	-
Interest received	6,669,019	13,539,759
Investment in debentures of subsidiary/jointly controlled entities	(84,501,406)	(114,549,128)
Investment in equity share capital of a subsidiary and jointly controlled entity	(7,697,300)	-
Loans given to subsidiaries	(28,289,336)	(32,872,094)
Loans repaid by subsidiaries	14,445,183	4,641,581
Change in other bank balances	2,588,725	(710,122)
<b>Net cash (used in)/generated from investing activities</b>	<b>(158,821,924)</b>	<b>(159,004,270)</b>

## Cash Flow Statement for the year ended 31 March 2016 (Contd.)

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>C. Cash flows from financing activities</b>		
Interest paid	(64,484,230)	(69,762,226)
Proceeds from borrowings	50,919,167	389,135,825
Repayment of secured borrowings	(26,434,660)	(446,578,797)
Repayment of unsecured borrowings	(4,666,140)	(52,500,000)
Change in short term borrowings, net	-	(40,036,486)
<b>Net cash (used in)/generated from financing activities</b>	<b>(44,665,863)</b>	<b>(219,741,684)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(23,124,802)</b>	<b>(257,665,554)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>59,653,473</b>	<b>317,319,027</b>
<b>Cash and cash equivalents at the end of the year (refer note 18A)</b>	<b>36,528,671</b>	<b>59,653,473</b>

See accompanying notes to financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Monisha Parikh**  
Partner

Bengaluru  
30 May 2016

**For and on behalf of the Board of Directors**

**Chander K Baljee**  
Managing Director

**R V S Rao**  
Director

**Amit Jaiswal**  
Chief Financial Officer

Bengaluru  
30 May 2016



# Notes to financial statements

## 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

During the year ended 31 March 2016, the Company and one of its jointly controlled entities have firmed up credit facility/term loan with a bank/financial institution. While the current liabilities of the Company exceed its current assets by ₹ 151,209,656 as at 31 March 2016 and the Company is committed to provide financial and operational support to a jointly controlled entity and two subsidiaries, in view of the above development and also the plan for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, disposing off certain investments and restructuring of debt in one of the subsidiaries etc., the management is confident of improving and maintaining sustainable operating cash flows and accordingly the financial statements are prepared and 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) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 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 the respective services are rendered with reasonable certainty of ultimate collection. 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. Rebates and discounts granted to customers are reduced from revenue.

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 comprises of 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 financial statements *(continued)*

## 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.

### 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.

Building (including improvements) constructed on lease hold land 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.

### g) **Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### 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.



## Notes to financial statements *(continued)*

### 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

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

#### 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 over the lease term.

#### l) Employee benefits

Employee benefits include provident fund, employee state insurance scheme, labour welfare fund, gratuity and compensated absences.

##### *Defined Contribution plans*

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

# Notes to financial statements *(continued)*

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

### l) Employee benefits *(Cont'd)*

#### *Defined benefit plans*

The Company operates a defined benefit plan for its employees, viz., gratuity liability. The cost of providing benefits under gratuity plan is determined on the basis of actuarial valuation at each year-end using projected unit credit method. Actuarial gains and losses are recognized in full in the year in which they occur in the Statement of Profit and Loss.

#### *Short-term and long-term employee benefits*

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

### m) Tax expense

#### *Current tax*

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

#### *Minimum Alternate Tax*

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives 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 highly probable that future economic benefit associated with it will flow to the Company.

#### *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.



## Notes to financial statements *(continued)*

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

#### **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) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **q) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **r) Operating cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



## Notes to financial statements (continued)

	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts ₹	Number	Amounts ₹
<b>4. Share Capital</b>				
<b>Authorised share capital</b>				
Equity shares of ₹ 10 each	50,000,000	500,000,000	50,000,000	500,000,000
	<b>50,000,000</b>	<b>500,000,000</b>	<b>50,000,000</b>	<b>500,000,000</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	27,233,965	272,339,650	27,233,965	272,339,650
	<b>27,233,965</b>	<b>272,339,650</b>	<b>27,233,965</b>	<b>272,339,650</b>

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 2016		As at 31 March 2015	
	Number	Amounts ₹	Number	Amounts ₹
Equity shares of ₹ 10 each				
Mr. Chander K Baljee	12,014,560	120,145,600	12,029,560	120,295,600
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
	<b>17,729,249</b>	<b>177,292,490</b>	<b>20,088,117</b>	<b>200,881,170</b>

**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 2016. Further, the Company has not issued any shares without payment being received in cash.



## Notes to financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>5. Reserves and surplus</b>		
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
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	363,095,289	290,401,279
Add: Profit for the year	74,837,971	89,758,339
Less: Depreciation on fully used assets due to adoption of schedule II of the Companies Act, 2013	-	(17,064,329)
	<b>437,933,260</b>	<b>363,095,289</b>
	<b>1,671,311,095</b>	<b>1,596,473,124</b>

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>6. Long-term borrowings</b>		
Secured term loans from:		
- banks	5,009,317	5,498,924
- a financial institution	408,718,939	383,744,825
	<b>413,728,256</b>	<b>389,243,749</b>
Less: Current maturities of long-term debt (refer note 11)	52,351,435	26,388,238
	<b>361,376,821</b>	<b>362,855,511</b>

### Notes:

#### i) Details of terms of repayment, guarantee and security for term loans from banks and financial institutions

- (i) Term loan from bank represent vehicle loans which 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 November 2020.
- (ii) The Company had availed an Indian Rupee term loan from Tourism Finance Corporation of India Limited (TFCIL) for ₹ 500 million in 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%.
- (iii) 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.

## Notes to financial statements *(continued)*

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>7. Deferred tax liability (Net)</b>		
<b>Deferred tax liabilities on</b>		
Depreciation	34,662,748	34,304,730
	<b>34,662,748</b>	<b>34,304,730</b>
<b>Deferred tax assets on</b>		
Unabsorbed depreciation	34,662,748	34,304,730
	<b>34,662,748</b>	<b>34,304,730</b>
	-	-
<p>The Company has a net deferred tax asset as at 31 March 2016 significantly arising from unabsorbed depreciation and brought forward tax losses. As a matter of prudence and in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available to set off deferred tax assets arising out of such brought forward losses and unabsorbed depreciation, the Company has recognized deferred tax asset on unabsorbed depreciation only to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act.</p>		
<b>8. Long-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 33(b))	9,873,055	11,662,489
Compensated absences	3,096,248	-
	<b>12,969,303</b>	<b>11,662,489</b>
<b>9. Short-term borrowings</b>		
<b>Unsecured *</b>		
From a subsidiary	-	4,666,140
From a director	2,500,000	2,500,000
From a body corporate in which the Director is interested	8,000,000	8,000,000
	<b>10,500,000</b>	<b>15,166,140</b>
* The unsecured loans are repayable on demand and bear interest rate of 18% p.a. (refer note 32(v))		
<b>10. Trade payables</b>		
Acceptances	-	-
Other than acceptances (refer note (i) and (ii) below)	187,519,894	177,926,744
	<b>187,519,894</b>	<b>177,926,744</b>
(i) Includes payable to related parties (refer note 32(v))	26,731,218	11,817,049
(ii) 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.		



## Notes to financial statements *(continued)*

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>11. Other current liabilities</b>		
Current maturities of long-term debt	52,351,435	26,388,238
Interest accrued but not due on secured and unsecured borrowings	5,285,443	8,668,831
Unclaimed dividends (refer note (a) below)	322,250	702,722
Other payables		
Security deposit received	3,000,000	3,393,209
Statutory dues	25,240,611	37,485,297
Dues to related parties (refer note 32(v))	15,480,786	9,780,892
Dues to other parties	13,341,611	-
Advance received from customers	29,528,081	35,039,066
Book overdraft	10,157,580	15,436,114
Payables on purchase of fixed assets (including retention money payable)	2,578,408	1,492,656
Others	6,569,128	8,210,577
	<b>163,855,333</b>	<b>146,597,602</b>

### Note:

- a) The Company has transferred an amount of ₹ 380,472 (2015 : ₹ 226,536) to Investor Education and Protection Fund during the year.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>12. Short-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 33(b))	857,331	1,551,300
Compensated absences	1,110,503	7,672,629
	<b>1,967,834</b>	<b>9,223,929</b>

# Notes to financial statements (continued)

## 13. Tangible assets

Amount in ₹

Particulars	Land (Freehold)	Buildings (including improvements) constructed on leasehold land	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computer equipments	Total
<b>Gross Block</b>								
<b>Balance as at 01 April 2014</b>	<b>2,430,000</b>	<b>329,503,003</b>	<b>192,903,341</b>	<b>200,087,962</b>	<b>21,881,218</b>	<b>16,030,500</b>	<b>22,770,270</b>	<b>785,606,294</b>
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
<b>Balance as at 31 March 2015</b>	<b>2,430,000</b>	<b>329,553,439</b>	<b>198,033,475</b>	<b>202,193,600</b>	<b>28,877,795</b>	<b>17,061,006</b>	<b>22,564,566</b>	<b>800,713,881</b>
Additions	-	1,150,527	8,432,484	38,932,171	1,255,000	596,892	1,018,762	51,385,836
Disposals/Adjustments	-	-	5,797,490	31,035,083	88,872	-	-	36,921,445
<b>Balance as at 31 March 2016</b>	<b>2,430,000</b>	<b>330,703,966</b>	<b>200,668,469</b>	<b>210,090,688</b>	<b>30,043,923</b>	<b>17,657,898</b>	<b>23,583,328</b>	<b>815,178,272</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 01 April 2014</b>	<b>-</b>	<b>109,321,158</b>	<b>85,258,675</b>	<b>174,950,280</b>	<b>16,226,183</b>	<b>7,972,784</b>	<b>18,115,642</b>	<b>411,844,722</b>
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	17,064,329
Eliminated on disposal	-	509,820	151,818	(732,828)	226,180	358,593	607,520	1,121,103
<b>Balance as at 31 March 2015</b>	<b>-</b>	<b>116,740,010</b>	<b>108,522,320</b>	<b>191,093,255</b>	<b>18,986,591</b>	<b>15,033,971</b>	<b>21,375,032</b>	<b>471,751,179</b>
Charge for the year	-	11,179,405	16,067,571	9,104,833	1,843,678	784,828	995,438	39,975,753
Eliminated on disposal / adjustments	-	-	3,114,058	31,034,921	88,872	-	-	34,237,851
<b>Balance as at 31 March 2016</b>	<b>-</b>	<b>127,919,415</b>	<b>121,475,833</b>	<b>169,163,167</b>	<b>20,741,397</b>	<b>15,818,799</b>	<b>22,370,470</b>	<b>477,489,081</b>
<b>Net block</b>								
Balance as at 31 March 2015	2,430,000	212,813,429	89,511,155	11,100,345	9,891,204	2,027,035	1,189,534	328,962,702
<b>Balance as at 31 March 2016</b>	<b>2,430,000</b>	<b>202,784,551</b>	<b>79,192,636</b>	<b>40,927,521</b>	<b>9,302,526</b>	<b>1,839,099</b>	<b>1,212,858</b>	<b>337,689,191</b>

### 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 and other entities.
- During the year ended 31 March 2015, the Company has reassessed the useful life of the fixed assets internally which coincide with the indicative useful lives given in Schedule II of the Companies Act 2013. The aforesaid change did have a material impact on Statement of Profit and Loss for the year ended 31 March 2015, and in accordance with the transitional provisions, tangible assets amounting to ₹ 17,064,329 that should have been fully depreciated based on the revised useful life given in Schedule II of the Companies Act 2013, have been adjusted to the opening reserves and surplus.
- Unless otherwise stated all assets are owned by the Company and none of the assets are given on lease.



## Notes to financial statements *(continued)*

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>14. Non-current investments</b> <b>(Valued at cost, unless stated otherwise)</b>		
<b>Long-term, trade investments in equity instruments (unquoted)</b>		
<b>Investments in shares of subsidiaries</b>		
Icon Hospitality Private Limited	279,497,212	232,888,412
(970,537 (31 March 2015 – 504,449) equity shares of ₹100 each)		
Royal Orchid Jaipur Private Limited	16,500,000	16,500,000
(1,650,000 (31 March 2015 – 1,650,000) equity shares of ₹10 each)		
AB Holdings Private Limited	2,500,000	2,500,000
(250,000 (31 March 2015 – 250,000) equity shares of ₹10 each)		
Maruti Comforts & Inn Private Limited	114,439,080	114,439,080
(407,636 (31 March 2015 – 407,636) equity shares of ₹100 each)		
Multi Hotels Limited	74,060,100	74,060,100
(30 (31 March 2015 – 30) equity shares of Tanzanian Shillings 1,000 each)		
Royal Orchid Maharashtra Private Limited	500,000	500,000
(5,000 (31 March 2015 – 5000) equity shares of ₹100 each)		
Amar Tara Hospitality Private Limited	266,600,000	266,600,000
(26,660,000 (31 March 2015 – 26,660,000) equity shares of ₹10 each)		
Cosmos Premises Private Limited	170,000,040	170,000,040
(202,381 (31 March 2015 – 202,381) equity shares of ₹10 each)		
<b>Investments in shares of jointly controlled entities</b>		
Rajkamal Buildcon Private Limited	52,820,000	52,820,000
(5,000 (31 March 2015 – 5,000) equity shares of ₹10 each)		
Ksheer Sagar Buildcon Private Limited	52,820,000	52,820,000
(5,000 (31 March 2015 – 5,000) equity shares of ₹10 each)		
J H Builders Private Limited	52,820,000	52,820,000
(5,000 (31 March 2015 – 5,000) equity shares of ₹10 each)		
Ksheer Sagar Developers Private Limited	352,770,000	52,820,000
(30,000,000 (31 March 2015 – 5,000) equity shares of ₹10 each)		
<b>Long-term, trade investments in debentures (unquoted)</b>		
<b>Investments in debentures of subsidiaries</b>		
Amar Tara Hospitality Private Limited	101,660,000	78,000,000
(1,016,600 (31 March 2015 – 780,000) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)		
Icon Hospitality Private Limited	-	35,000,000
(Nil (31 March 2015 – 350,000) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)		
Maruti Comforts & Inn Private Limited	10,665,000	7,500,000
(106,650 (31 March 2015 – 75,000) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)		
<b>Investments in debentures of a jointly controlled entity</b>		
Ksheer Sagar Developers Private Limited	-	221,000,000
(Nil (31 March 2015 – 22,100,000) 14%, Unsecured, Compulsorily Convertible Debentures of ₹10 each)		
	<b>1,547,651,432</b>	<b>1,430,267,632</b>

## Notes to financial statements *(continued)*

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>14. Non-current investments</b> (Valued at cost, unless stated otherwise)		
<b>Non-current investments (Cont'd)</b>	<b>1,547,651,432</b>	<b>1,430,267,632</b>
<b>Long-term, trade investments in debentures (unquoted)</b>		
<b>Debenture application money pending allotment</b>		
Amar Tara Hospitality Private Limited	17,802,282	20,487,528
Icon Hospitality Private Limited	20,149,333	9,746,389
Maruti Comforts & Inn Private Limited	-	3,165,692
Ksheer Sagar Developers Private Limited	43,378,339	83,069,778
<b>Long-term, non-trade investments in government securities (unquoted)</b>		
National savings certificate	225,000	225,000
	<b>1,629,206,386</b>	<b>1,546,962,019</b>
<b>Aggregate amount of unquoted investments</b>	<b>1,629,206,386</b>	<b>1,546,962,019</b>
<b>15. Long-term loans and advances</b> (Unsecured, considered good)		
Security deposits for hotel properties and others [ includes ₹ 70 million (2015: ₹ 70 million) to related parties (refer note 32(v))]	191,011,475	201,201,444
	<b>191,011,475</b>	<b>201,201,444</b>
Dues from related parties (refer note 32(v))	180,007,422	154,630,442
Dues from other parties	5,024,405	10,146,485
Advance tax, net of provision of ₹ 462,104,187 (2015: ₹ 446,804,187)	55,301,211	54,708,565
MAT credit entitlement	37,500,000	22,200,000
Balances with Government authorities (VAT and Service tax recoverable)	3,218,785	-
Capital advances	13,389,542	380,981
	<b>294,441,365</b>	<b>242,066,473</b>
	<b>485,452,840</b>	<b>443,267,917</b>
<b>Unsecured, considered doubtful</b>		
Security deposit	1,200,000	1,200,000
Capital Advances	3,584,777	3,584,777
	<b>4,784,777</b>	<b>4,784,777</b>
Less: Provision for doubtful advances /deposits	(4,784,777)	(4,784,777)
	-	-
	<b>485,452,840</b>	<b>443,267,917</b>





## Notes to financial statements *(continued)*

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>16. Inventories</b>		
(At lower of cost or net realisable value)		
Food and beverages	7,854,187	7,897,421
Stores and spares	3,797,922	3,335,666
	<b>11,652,109</b>	<b>11,233,087</b>
<b>17. Trade receivables</b>		
<b>(Unsecured)</b>		
Outstanding for a period exceeding six months from the due date		
Considered good	5,922,430	-
Considered doubtful	17,251,979	13,685,993
	<b>23,174,409</b>	<b>13,685,993</b>
Other trade receivables		
Considered good	85,005,714	117,146,056
	<b>85,005,714</b>	<b>117,146,056</b>
	<b>108,180,123</b>	<b>130,832,049</b>
Less: Provision for doubtful trade receivables	(17,251,979)	(13,685,997)
	<b>90,928,144</b>	<b>117,146,052</b>
<b>18. Cash and bank balances</b>		
<b>A. Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	29,518,354	45,540,964
- in deposit accounts (with maturity upto 3 months)	5,104,696	11,706,160
Cash on hand	1,905,621	2,406,349
	<b>36,528,671</b>	<b>59,653,473</b>
<b>B. Other bank balances</b>		
Balances with banks		
- in deposit accounts (with maturity more than 3 months but less than 12 months)	9,455,131	16,334,620
- in deposit accounts earmarked for margin money for bank guarantee	4,290,764	-
- Unpaid dividend account	322,250	702,722
	<b>14,068,145</b>	<b>17,037,342</b>
<b>Total Cash and bank balances (A+B)</b>	<b>50,596,816</b>	<b>76,690,815</b>

## Notes to financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>19. Short-term loans and advances</b>		
(Unsecured, considered good)		
Advances to suppliers	4,260,651	11,070,297
Security deposits - others	-	403,500
Interest accrued on deposits	573,160	44,324
Prepaid expenses	5,392,363	11,834,854
Advances due from employees	3,173,355	1,578,846
Others	2,599,862	7,699,424
	<b>15,999,391</b>	<b>32,631,245</b>
<b>20. Other current assets</b>		
Interest accrued on Compulsorily Convertible Debentures from subsidiaries and a jointly controlled entity	35,864,284	12,020,474
Interest accrued on management fees receivable from a jointly controlled entity	1,235,039	-
Unbilled revenue	6,357,622	5,215,933
	<b>43,456,945</b>	<b>17,236,407</b>
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>21. Revenue from operations</b>		
From sale of services at hotels		
- Room nights	514,024,514	471,523,013
- Food and beverages	315,791,275	308,469,838
- Other services	30,876,048	20,192,580
From services at managed hotels	17,841,106	46,109,514
	<b>878,532,943</b>	<b>846,294,945</b>
<b>22. Other income</b>		
Interest income		
- from bank deposits	4,548,543	10,372,125
- from loans to subsidiaries and jointly controlled entities	-	51,960,124
- on management fee	1,235,039	-
Interest on Compulsorily Convertible Debentures		
- from subsidiaries and jointly controlled entities *	16,538,782	13,356,083
Liabilities no longer required, written back	15,715,452	-
Miscellaneous	18,035,122	10,777,724
	<b>56,072,938</b>	<b>86,466,056</b>
* Net of reversal of interest income of earlier years amounting to ₹ 9,954,339 (Previous year ₹ Nil)		
<b>23. Food and beverages consumed</b>		
Opening stock	7,897,421	8,961,486
Add : Purchases during the year	120,372,943	114,216,398
	<b>128,270,364</b>	<b>123,177,884</b>
Less : Closing stock	7,854,187	7,897,421
	<b>120,416,177</b>	<b>115,280,463</b>



## Notes to financial statements *(continued)*

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>24. Employee benefits expense</b>		
Salaries and wages	158,497,332	170,161,880
Contribution to provident fund (refer note 33(a))	6,105,939	5,166,835
Gratuity (refer note 33(b))	135,793	359,686
Staff welfare expenses	18,725,171	21,023,673
	<b>183,464,235</b>	<b>196,712,074</b>
<b>25. Finance costs</b>		
Interest expenses		
- on term loans	57,088,501	49,485,485
- on unsecured loans from related parties (refer note 32(iv))	3,615,260	9,892,302
- on overdraft with a bank	-	3,867,684
- on others	397,081	-
	<b>61,100,842</b>	<b>63,245,471</b>
<b>26. Depreciation and amortisation</b>		
Depreciation (refer note 13)	39,975,753	43,963,231
	<b>39,975,753</b>	<b>43,963,231</b>
<b>27. Other expenses</b>		
Guest transportation	9,438,909	7,354,961
Linen and room supplies	16,319,968	16,296,960
Catering and other kitchen supplies	8,241,925	7,951,983
Cablenet charges	5,766,909	3,881,132
Uniform washing and laundry	10,857,283	8,792,803
Music and entertainment	8,480,792	3,404,398
Banquet expenses	34,527,836	26,571,169
Power, fuel and water	95,926,171	92,173,700
Management fee	622,396	316,235
Garden, landscaping and decoration	3,994,452	2,160,204
Security charges	8,171,001	7,514,237
Communication	10,577,177	8,491,114
Printing and stationery	7,116,654	7,147,178
Subscription charges	2,148,459	5,738,031
Rent (refer note 29)	103,070,530	100,132,167
Repairs and maintenance		
- Buildings	2,895,574	8,805,605
- Plant and equipment	16,062,614	10,234,387
- Others	7,580,733	11,063,702
Insurance	3,190,944	3,219,528
Commission and brokerage	13,986,713	16,907,687
Rates and taxes	19,514,089	17,595,895
Legal and professional (refer note 31)	26,883,637	27,596,754
Travelling and conveyance	18,872,178	13,527,374
Advertisement and business promotion	11,593,785	15,974,289
Provision for doubtful trade receivables	3,565,982	255,622
Directors' sitting fees	1,323,000	940,000
Recruitment expenses	893,619	775,385
Royalty	2,479,917	2,787,349
Bank charges	1,237,035	6,718,509
Loss on sale/disposal of assets	2,668,594	117,699
Miscellaneous	10,002,027	9,355,366
	<b>468,010,903</b>	<b>443,801,423</b>

## Notes to financial statements *(continued)*

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>28. Earnings per share</b>		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net profit after tax attributable to equity shareholders in ₹	74,837,971	89,758,339
Basic and diluted earnings per share in ₹	2.75	3.30
Nominal value per equity share in ₹	10	10

### 29. 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 15 years. Some of these leases have periodical escalation in lease rentals 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 recognised during the year ended 31 March 2016 is ₹ 103,070,530 (31 March 2015 ₹ 100,132,167).

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

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>Payments falling due:</b>		
Within 1 year	47,956,863	46,894,267
Later than one year but not later than five years	70,833,114	118,789,977
Later than 5 years	-	-
<b>Total</b>	<b>118,789,977</b>	<b>165,684,244</b>

### 30. Commitments and contingencies

#### a) Litigations

- The Company has been named as a defendant in two civil suits filed claiming certain parts of land which are adjacent to the hotel premises which were leased from the Karnataka State Tourism Development Corporation ("KSTDC") and Bruhat Bengaluru Mahanagara Palike ("BBMP") and being in the possession of the Company, since 1992 and 2004 respectively. These cases are pending with the Civil Court and High Court respectively and scheduled for hearings shortly. The 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. During the year ended 31 March 2014, the Company has obtained favourable rulings from the Intellectual Property Appellate Board. The Madras High Court has passed an order in Feb, 2015 for cancellation of Registration of Trademark, against which the Company has filed an appeal before the Supreme Court and the appeal is yet to come up for hearing before Supreme Court. The management believes that the case will be settled in its favour and will not affect its current and future operations.



## Notes to financial statements *(continued)*

iii) The Company received tax demand including interest, from the Indian tax authorities for payment of tax of ₹ 44.90 million, arising on denial of certain expenditure, upon completion of tax assessment for the fiscal years 2009, 2011 and 2012. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

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 amounting to ₹ 1,650,000,000 (31 March 2015: ₹ 1,750,000,000) and an unrelated party amounting to ₹ Nil (31 March 2015: ₹ 225,000,000). The loans availed and outstanding at year end - ₹ 382,000,000 (31 March 2015: ₹ 479,557,432).

### 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.

### 31. **Payments to the statutory auditors (net of service tax input credit) included in legal and professional expense (refer note 27).**

	Year ended 31 March 2016	Year ended 31 March 2015
	₹	₹
For audit	3,750,000*	2,350,000
Reimbursement of expenses	24,500	141,982
	<b>3,774,500</b>	<b>2,491,982</b>

\* Includes ₹ 250,000 paid to erstwhile auditors.

# Notes to financial statements *(continued)*

## 32. 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 (subsidiary of AB Holdings Private Limited)
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
# Formerly Royal Orchid East Private Limited	

### ii. Key Management Personnel (KMP)

Mr. Chander K Baljee	Managing Director
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### iii(a) Relatives of KMP

Mrs. Sunita Baljee	Director
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### iii(b) Entities controlled by KMP

Baljees Hotels and Real Estate Private Limited
Hotel Staylonger Private Limited

### iii(c) Entities significantly influenced by KMP

Presidency College of Hotel Management
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## Notes to financial statements (continued)

## 32. Related party transactions (Cont'd)

iv. Transactions with related parties during the year

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel		Entities controlled / significantly influenced by KMP	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Management and technical fee income (excluding service tax)</b> Ksheer Sagar Developers Private Limited	-	-	6,013,592	11,277,594	-	-	-	-
<b>Consultancy charges income</b> Royal Orchid Associated Hotels Private Limited	20,040,750	-	-	-	-	-	-	-
<b>Interest income / (reversal of excess interest) on loans granted</b> Icon Hospitality Private Limited	-	5,015,626	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	757,687	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	7,256,235	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	38,930,576	-	-	-	-
<b>Excess interest recognised in the previous year on unsecured loan (considered as debenture application money in the previous year) now reversed</b> Ksheer Sagar Developers Private Limited	-	-	(9,954,339)	-	-	-	-	-
<b>Interest income on investments in Compulsorily Convertible Debentures</b> Icon Hospitality Private Limited	6,612,014	1,104,658	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	1,840,675	233,014	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	18,040,432	6,423,781	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	5,594,630	-	-	-	-
<b>Interest on management fee dues</b> Ksheer Sagar Developers Private Limited	-	-	1,235,039	-	-	-	-	-
<b>Interest expense on loans taken</b> Cosmos Premises Private Limited	1,725,260	839,905	-	-	-	-	-	-
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	1,440,000	8,190,000
Mr. Chander K. Baljee	-	-	-	-	450,000	862,397	-	-
<b>Loans granted</b> Multi Hotels Limited (including gain/loss on foreign currency translation)	28,081,183	15,819,619	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	-	17,033,682	-	-	-	-	-	-
AB Holdings Private Limited	46,917	17,157	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	161,236	1,636	-	-	-	-	-	-

Amount in ₹



# Notes to financial statements (continued)

## 32. Related party transactions (Cont'd)

iv. Transactions with related parties during the year

Amount in ₹

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel		Entities controlled / significantly influenced by KMP	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Repayment of loans granted</b>								
Royal Orchid Associated Hotels Private Limited	(14,445,183)	-	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	-	(4,641,581)	-	-	-	-	-	-
<b>Repayment of loans taken</b>								
Cosmos Premises Private Limited	4,666,140	-	-	-	-	-	-	-
Mr. Chander K. Baljee	-	-	-	-	-	2,500,000	-	-
Ballees Hotels and Real Estates Private Limited	-	-	-	-	-	-	-	50,000,000
<b>Conversion of unsecured loans to Compulsorily Convertible Debentures (including interest receivable thereon)</b>								
Icon Hospitality Private Limited	-	15,000,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	56,447,317	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	155,503,555	-	-	-	-
<b>Investment in Compulsorily Convertible Debentures (Application Money)</b>								
Icon Hospitality Private Limited	20,149,444	20,000,000	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	7,500,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	20,974,754	21,552,683	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	43,377,900	65,496,445	-	-	-	-
<b>Conversion of debenture application money pending allotment to Debentures/Adjustment of debenture application money pending allotment</b>								
Icon Hospitality Private Limited	9,746,500	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	3,165,000	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	23,660,000	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	73,115,000	-	-	-	-	-
<b>Conversion of unsecured loans/debentures/interest receivable thereon to equity share capital</b>								
Icon Hospitality Private Limited	44,746,500	40,856,000	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	294,115,000	-	-	-	-	-
<b>Investment in equity share capital</b>								
Icon Hospitality Private Limited	18,62,300	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	5,835,000	-	-	-	-	-
<b>Remuneration (refer note below)</b>								
Mr. Chander K. Baljee	-	-	-	-	17,69,500	19,210,000	-	-



## Notes to financial statements (continued)

## 32. Related party transactions (Cont'd)

iv. Transactions with related parties during the year

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel		Entities controlled / significantly influenced by KMP	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Rental expense</b>								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	24,000,000	24,000,000
Hotel Staylonger Private Limited	-	-	-	-	-	-	6,000,000	6,000,000
<b>Conversion of unsecured loans to Debenture application money pending allotment (including interest receivable thereon)</b>								
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	-	-	-	-

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

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel		Entities controlled / significantly influenced by KMP	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Loans receivable</b>								
AB Holdings Private Limited	28,091,234	28,044,317	-	-	-	-	-	-
Multi Hotels Limited	74,857,611	46,776,428	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	25,082,997	24,921,761	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	30,078,550	44,523,734	-	-	-	-	-	-
J.H. Builders Private Limited	-	-	1,165,683	1,165,683	-	-	-	-
Raj Kamal Buildcon Private Limited	-	-	1,117,162	1,117,162	-	-	-	-
Ksheer Sagar Buildcon Private Limited	-	-	1,115,640	1,115,640	-	-	-	-
<b>Management fees/Consultancy fee receivable</b>								
Ksheer Sagar Developers Private Limited	-	-	13,309,709	27,565,977	-	-	-	-
Royal Orchid Associated Hotels Private Limited	21,946,659	-	-	-	-	-	-	-
<b>Loans payable</b>								
Cosmos Premises Private Limited	-	(4,666,140)	-	-	-	-	(8,000,000)	(8,000,000)
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	-	-
Mr. Chander K. Baljee	-	-	-	-	(2,500,000)	(2,500,000)	-	-

# Notes to financial statements (continued)

## 32. Related parties

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

Amount in ₹

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel		Entities controlled / significantly influenced by KMP	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Current account balances receivable/(payable)</b>								
Icon Hospitality Private Limited	11,992,644	12,999,644	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	1,222,979	1,536,753	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	2,864,494	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	450,037	-	-	-	-	-
Royal Orchid Mumbai Private Limited	64,256	8,282	-	-	-	-	-	-
Royal Orchid Goa Private Limited	37,511	5,156	-	-	-	-	-	-
Royal Orchid Hyderabad Private Limited	193,535	8,046	-	-	-	-	-	-
Royal Orchid Shimla Private Limited	42,719	6,745	-	-	-	-	-	-
Royal Orchid South Private Limited	556,292	200,241	-	-	-	-	-	-
Others	-	392,530	-	-	-	-	-	-
<b>Current account balances payable</b>								
Cosmos Premises Private Limited	(15,480,786)	(5,795,173)	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	(349,460)	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	-	(1,554,325)	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	(2,081,934)	-	-	-	-
<b>Interest accrued and not due</b>								
J.H. Builders Private Limited	-	-	368,323	368,323	-	-	-	-
Raj Kamal Buildcon Private Limited	-	-	353,051	353,051	-	-	-	-
Ksheer Sagar Buildcon Private Limited	-	-	352,705	352,705	-	-	-	-
<b>Debtore application money pending allotment</b>								
Icon Hospitality Private Limited	20,149,333	9,746,389	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	17,802,282	20,487,528	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	3,165,692	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	43,378,339	83,069,778	-	-	-	-
<b>Interest receivable on Compulsorily Convertible Debentures (net of taxes deducted at source)</b>								
Icon Hospitality Private Limited	6,945,004	994,191	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	1,866,321	209,713	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	22,017,791	5,781,403	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	5,035,167	5,035,167	-	-	-	-



## Notes to financial statements (continued)

## 32. Related parties

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

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel		Entities controlled / significantly influenced by KMP	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Interest receivable on outstanding management fee</b>								
Ksheer Sagar Developers Private Limited	-	-	1,235,039	-	-	-	-	-
<b>Rent payable</b>								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(15,852,922)	(6,958,918)
Hotel Staylonger Private Limited	-	-	-	-	-	-	(6,976,824)	(4,701,028)
<b>Interest payable (net of tax deducted at source)</b>								
Cosmos Premises Private Limited	(340,707)	(2,573,600)	-	-	-	-	-	-
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(1,063,310)	(2,686,496)
Mr. Chander K. Baljee	-	-	-	-	(1,311,509)	(906,509)	-	-
<b>Dues to a director (remuneration payable)</b>								
Mr. Chander K. Baljee	-	-	-	-	(3,901,472)	(157,103)	-	-
<b>Security deposit given</b>								
Hotel Staylonger Private Limited	-	-	-	-	-	-	10,000,000	10,000,000
Mr. Chander K. Baljee	-	-	-	-	60,000,000	60,000,000	-	-
<b>Security deposit payable</b>								
Presidency College of Hotel Management	-	-	-	-	-	-	(3,000,000)	(3,000,000)
<b>Corporate guarantee taken outstanding</b>								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	-	(390,000,000)
<b>Personal guarantee taken outstanding</b>								
Mr. Chander K. Baljee	-	-	-	-	(500,000,000)	(1,079,000,000)	-	-
<b>Corporate guarantee issued outstanding</b>								
Ksheer Sagar Developers Private Limited	-	-	(700,000,000)	(700,000,000)	-	-	-	-
Cosmos Premises Private Limited	-	(100,000,000)	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	(950,000,000)	(950,000,000)	-	-	-	-	-	-

Note: 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. Further the Company received approval from the CG for payment of remuneration amounting ₹ 138.10 lakhs to the MD vide letter dated 05 February 2015 received during fiscal 2016 in relation to fiscal 2015, and recognised incremental remuneration amounting ₹ 18.10 lakhs during the year ended 31 March 2016.

## Notes to financial statements (continued)

### 33 Employee benefit plans

#### a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 6,105,939 (Year ended 31 March 2015: ₹ 5,166,835) for Provident Fund contributions, and ₹ 2,001,373 (Year ended 31 March 2015: ₹ 2,146,230) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### b) Defined benefit plans

The Company offers gratuity benefit schemes to its employees, included under 'Employee benefits expense' in note 24. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	13,213,789	12,854,103
Service cost	2,325,298	2,467,389
Interest cost	1,032,873	1,156,869
Actuarial (gain)/ loss	(3,222,378)	(3,264,572)
Benefits paid	(2,619,196)	-
<b>Liability recognised in the Balance Sheet</b>	<b>10,730,386</b>	<b>13,213,789</b>
<b>Components of net gratuity costs are</b>		
Service cost	2,325,298	2,467,389
Interest cost	1,032,873	1,156,869
Recognised net actuarial gain	(3,222,378)	(3,264,572)
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>135,793</b>	<b>359,686</b>
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year	10,730,386	13,213,789
Funded status of the plans	-	-
<b>Liability recognised in the Balance Sheet</b>	<b>10,730,386</b>	<b>13,213,789</b>
<b>Assumptions used for Gratuity and Compensated absences</b>		
Discount rate	7.80%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
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.

#### Experience adjustments:

Particulars	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
Defined Benefit Obligation	10,730,386	13,213,789	12,854,103	11,902,878	9,474,584
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	10,730,386	13,213,789	12,854,103	11,902,878	9,474,584
Experience adjustments on liabilities: gain/(loss)	2,974,862	4,766,395	808,278	1,338,610	3,509,509
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-



## Notes to financial statements *(continued)*

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>34. Earnings in foreign currency</b>		
Income from operations	93,439,635	122,925,858
<b>35. Expenditure in foreign currency</b>		
Commission	4,586,981	3,215,037
License and subscription	1,256,133	1,690,652
Others	3,346,491	300,250

	Year ended 31 March 2016		Year ended 31 March 2015	
	Amount (₹)	%	Amount (₹)	%
<b>36. Imported and indigenous food and beverages consumed</b>				
Imported	-	-	-	-
Indigenous	120,416,177	100%	115,280,463	100%
	<b>120,416,177</b>	<b>100%</b>	<b>115,280,463</b>	<b>100%</b>

The consumption above is net of ₹ 11,087,067 (31 March 2015 – ₹ 9,648,396) representing amounts utilised for internal consumption which has been classified under staff welfare.

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>37. Value of imports on CIF basis</b>		
Capital goods	2,738,639	1,715,227

## Notes to financial statements *(continued)*

### 38. Investment in jointly controlled entities

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 Developers Private Limited		Ksheer Sagar Buildcon Private Limited	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
Equity interest	50%	50%	50%	50%	50%	50%
Non current assets	49,015,114	49,555,068	381,652,266	406,933,867	49,015,114	49,555,068
Current assets	5,518	5,625	20,551,672	19,956,068	5,568	5,675
Non current liabilities	-	-	199,630,613	287,703,580	-	-
Current liabilities	2,219,597	2,216,734	146,347,166	338,082,233	2,218,099	2,215,237
Revenue	-	-	99,121,741	90,871,235	-	-
Expenses	17,227	14,357	143,424,008	168,832,314	17,177	14,357





## Notes to financial statements *(continued)*

### 39. Segment information

Since the Company prepares consolidated financial statements, segment information has not been provided in these unconsolidated financial statements.

40. On 30 June 2014, the Company terminated the 'Hotel Operations Agreement' with Samhi Hotels Private Limited ('Samhi') in lieu of termination fee of ₹ 33,200,000, of which ₹ 13,200,000 was payable by Samhi to the Company on completion of certain contractual obligations. The Company recorded fees from termination of management contract amounting ₹ 20,000,000 during September 2014 on its receipt, being initial consideration and ₹ 13,200,000 on receipt during June 2015 on completion of the required contractual obligations.

41. a) There are no forward exchange contracts which have been entered into by the Company as at 31 March 2016.  
b) The year end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

Particulars	Currency	As at 31 March 2016	As at 31 March 2015
Receivables	US Dollar	937,530	406,421

### 42. Comparatives

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

### For and on behalf of the Board of Directors

**Chander K Baljee**  
Managing Director

**R V S Rao**  
Director

**Amit Jaiswal**  
Chief Financial Officer

Bengaluru  
30 May 2016

# Independent Auditors' Report

## To the Members of Royal Orchid Hotels Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ROYAL ORCHID HOTELS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its jointly controlled companies, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

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 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled companies in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its jointly controlled companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 audit report under the provisions of the Act and the Rules made thereunder.

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.

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 control 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. 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.

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 sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 companies as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 1(b) of the financial statements. As stated therein, the current liabilities exceed the current assets of the Group and jointly control companies by ₹ 4,469.82 lakhs as at March 31, 2016. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and jointly controlled companies' ability to continue as a going concern. However, the consolidated financial statements of the Group and its jointly control companies have been prepared on a going concern basis considering the credit facility/term loan firmed up with a bank / financial institution, management's assessment of future operational plans and cash flows to



## Independent Auditors' Report *(continued)*

discharge its liabilities in the normal course of business and other reasons as described in the said Note. The ability of the Group and jointly control companies to continue as a going concern is dependent on the successful outcome of the mitigation plans.

Our opinion is not qualified in respect of this matter.

### Other Matters

We did not audit the financial statements of eleven subsidiaries, and four jointly controlled companies, whose financial statements reflect total assets of ₹ 14,205.93 lakhs as at March 31, 2016, total revenues of ₹ 2,479.66 lakhs and net cash flows amounting to ₹ 39.01 lakhs for the year ended on that date, as considered in the consolidated financial statements. 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 these subsidiaries and jointly controlled companies, is based solely on the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 purposes 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 Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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) The going concern matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group and jointly control companies.
  - e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

- f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and its jointly controlled companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and jointly controlled companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of Holding company/ subsidiary companies / jointly controlled companies incorporated in India
- h) 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. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled companies.
  - 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, its subsidiary companies and jointly controlled companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Monisha Parikh**  
Partner  
(Membership No.: 47840)

Bengaluru  
30 May 2016

# Independent Auditors' Report *(continued)*

## **ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **ROYAL ORCHID HOTELS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, its jointly controlled companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and joint controlled companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, and its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to ten subsidiary companies and four jointly controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Monisha Parikh**  
Partner  
(Membership No.: 47840)

Bengaluru  
30 May 2016



## Consolidated Balance Sheet as at 31 March 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	272,339,650	272,339,650
Reserves and surplus	4	1,325,811,270	1,354,357,671
		<b>1,598,150,920</b>	<b>1,626,697,321</b>
<b>Minority Interest</b>			
		365,522,179	344,287,403
<b>Non-current liabilities</b>			
Long-term borrowings	5	594,790,656	649,436,492
Deferred tax liability (net)	6A	7,968,141	18,000,044
Other long-term liabilities	7	20,331,090	17,661,750
Long-term provisions	8	24,195,495	15,967,621
		<b>647,285,382</b>	<b>701,065,907</b>
<b>Current liabilities</b>			
Short-term borrowings	9	102,494,691	95,338,258
Trade payables	10		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		299,422,530	261,407,419
Other current liabilities	11	399,037,177	412,820,601
Short-term provisions	12	11,763,702	16,019,530
		<b>812,718,100</b>	<b>785,585,808</b>
<b>Total</b>		<b>3,423,676,581</b>	<b>3,457,636,439</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	2,203,255,983	2,304,079,776
Intangible assets	14	486,022	850,892
Capital work-in-progress		219,842,857	196,840,948
Goodwill (on consolidation)		177,472,146	177,472,146
Non-current investments	15	225,000	225,000
Deferred tax assets (net)	6B	1,987,772	1,348,309
Long-term loans and advances	16	454,671,142	386,810,514
		<b>3,057,940,922</b>	<b>3,067,627,585</b>
<b>Current assets</b>			
Inventories	17	21,528,303	20,405,154
Trade receivables	18	152,988,341	154,628,826
Cash and bank balances	19	136,484,629	141,245,270
Short-term loans and advances	20	36,264,917	65,248,664
Other current assets	21	18,469,469	8,480,940
		<b>365,735,659</b>	<b>390,008,854</b>
<b>Total</b>		<b>3,423,676,581</b>	<b>3,457,636,439</b>
See accompanying notes to Consolidated Financial Statements.		<b>1-39</b>	

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

**Monisha Parikh**

Partner

Bengaluru

30 May 2016

For and on behalf of the Board of Directors

**Chander K Baljee**

Managing Director

**R.V.S. Rao**

Director

**Amit Jaiswal**

Chief Financial Officer

Bengaluru

30 May 2016

## Statement of Consolidated Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>Revenue</b>			
Revenue from operations	22	1,585,315,562	1,477,544,675
Other income	23	43,602,578	32,962,166
<b>Total revenue</b>		<b>1,628,918,140</b>	<b>15,10,506,841</b>
<b>Expenses</b>			
Food and beverages consumed	24	207,462,485	190,900,516
Employee benefits expense	25	367,700,700	352,486,124
Finance costs	26	149,208,409	155,676,819
Depreciation and amortisation	27	138,981,492	146,163,355
Other expenses	28	806,767,348	743,186,203
<b>Total expenses</b>		<b>1,670,120,434</b>	<b>1,588,413,017</b>
<b>Loss before exceptional item, tax and minority interest</b>		<b>(41,202,294)</b>	<b>(77,906,176)</b>
Exceptional item	36	13,200,000	20,000,000
<b>Loss before tax and minority interest</b>		<b>(28,002,294)</b>	<b>(57,906,176)</b>
<b>Tax expense</b>			
Current tax		29,574,446	27,029,731
Prior year taxes		6,068,686	-
Deferred tax credit		(10,671,365)	(1,489,839)
Minimum alternate tax credit		(16,543,885)	(15,569,940)
		<b>8,427,882</b>	<b>9,969,952</b>
<b>Net loss before minority interest</b>		<b>(36,430,176)</b>	<b>(67,876,128)</b>
Minority interest		(23,421,552)	(29,202,113)
<b>Loss for the year</b>		<b>(13,008,624)</b>	<b>(38,674,015)</b>
<b>Earnings per equity share of ₹10 each</b>	29		
Basic/Diluted		(0.48)	(1.42)

See accompanying notes to Consolidated Financial Statements.

1-39

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

**Monisha Parikh**

Partner

Bengaluru

30 May 2016

**For and on behalf of the Board of Directors**

**Chander K Baljee**

Managing Director

**R.V.S. Rao**

Director

**Amit Jaiswal**

Chief Financial Officer

Bengaluru

30 May 2016



**Consolidated Cash Flow Statement for the year ended 31 March 2016**

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>(28,002,294)</b>	<b>(57,906,176)</b>
Adjustments for:		
Depreciation and amortisation	138,981,492	146,163,355
Interest income	(8,359,556)	(15,673,671)
Interest expense, net	149,208,409	155,676,819
Loss/(gain) on sale of fixed assets	2,668,594	13,554,241
Liability no longer required, written back	(20,688,096)	(909,868)
Provision for doubtful trade receivables	4,604,264	(2,920,035)
<b>Operating profit before working capital changes</b>	<b>238,412,813</b>	<b>237,984,665</b>
Changes in working capital:		
Decrease in liabilities, payables and provisions	54,484,609	65,396,720
Increase in trade receivables and other current assets	(11,564,668)	(23,314,187)
Increase in inventories	(1,355,656)	(93,039)
(Increase)/Decrease in loans and advances	(1,456,009)	16,607,180
<b>Cash generated from operations</b>	<b>278,521,089</b>	<b>296,581,339</b>
Direct taxes paid (net)	45,514,060	35,806,467
<b>Net cash generated from operating activities</b>	<b>233,007,029</b>	<b>260,774,872</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(67,679,642)	(57,176,986)
Sale of fixed assets	15,000	-
Interest received	6,973,976	17,431,284
Changes in other bank balances	2,106,814	10,356,111
Changes in project advances	(13,499,050)	(5,996,243)
<b>Net cash generated from investing activities</b>	<b>(72,082,902)</b>	<b>(35,385,834)</b>
<b>C. Cash flows from financing activities</b>		
Interest paid, net of capitalised interest	(133,951,708)	(166,969,852)
Proceeds from borrowings	50,919,167	389,135,825
Proceeds from unsecured borrowings from related party	-	50,000,000
Proceeds from debenture application money pending allotment	-	10,000,000
Repayment of borrowings	(74,820,163)	(645,401,924)
Repayment of unsecured borrowings from related party	(5,772,103)	(52,500,000)
Change in unclaimed dividend account	(380,472)	(226,536)
Change in bank overdraft, net	427,325	(40,269,998)
<b>Net cash used in financing activities</b>	<b>(163,577,954)</b>	<b>(456,232,485)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(2,653,827)</b>	<b>(230,843,447)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>118,357,267</b>	<b>349,200,714</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>115,703,440</b>	<b>118,357,267</b>

See accompanying notes to Consolidated Financial Statements.

In terms of our report attached.  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Monisha Parikh**  
Partner

Bengaluru  
30 May 2016

For and on behalf of the Board of Directors

**Chander K Baljee**  
Managing Director

**R.V.S. Rao**  
Director

**Amit Jaiswal**  
Chief Financial Officer

Bengaluru  
30 May 2016



# Notes to Consolidated financial statements

## 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 its 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

'During the year ended 31 March 2016, the Holding Company and one of its jointly controlled entities have firmed up credit facility/ term loan with a bank/financial institution. While the current liabilities of the Group and jointly controlled companies' exceed its current assets by ₹ 446,982,441 as at 31 March 2016 and the Holding Company is committed to provide financial and operational support to a jointly controlled entity and two subsidiaries, in view of the above development and also the plan for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, disposing off certain investments and restructuring of debt in one of the subsidiaries etc., the management is confident of improving and maintaining sustainable operating cash flows and accordingly the financial statements are prepared and presented on a going concern basis, which contemplates realization of

## (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 subsidiaries and jointly controlled entities with the percentage holding is as follows:

	Country of incorporation	Percentage of share holding/ voting power	
		31 March 2016	31 March 2015
<b>Subsidiaries</b>			
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%
Royal Orchid Maharashtra Private Limited	India	100.00%	100.00%

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 and the relevant provisions of the Companies Act, 2013 (the 2013 Act). 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 the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.



## Notes to Consolidated financial statements (continued)

	Country of incorporation	Percentage of share holding/ voting power	
		31 March 2016	31 March 2015
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%
<b>Jointly controlled entities</b>			
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

### (c) Principles of consolidation (Cont'd)

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 its 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 its 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 with reasonable certainty of ultimate collection. 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. Rebates and discounts granted to customers are reduced from revenue.

# Notes to Consolidated financial statements *(continued)*

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.

## **(e) Fixed assets**

Fixed assets are stated at the cost less accumulated depreciation and impairment losses, if any. The cost comprises of 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.

## **(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 Group and its jointly controlled entities 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) are amortised over the lease period.

<b>Asset category</b>	<b>Useful life (years)</b>
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 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 costs as incurred are charged to the Consolidated Statement of Profit and Loss.

## **(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 carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset)



## Notes to Consolidated financial statements *(continued)*

in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### **(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 / translations**

Transactions in foreign currencies entered into by the group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items (other than derivative contracts) of the group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the group are carried at historical cost.

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

Integral foreign operations: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Consolidated Statement of Profit and Loss

Non-integral foreign operations: The exchange differences on translation of balances relating to nonintegral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

### **(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.

# Notes to Consolidated financial statements *(continued)*

## **(n) Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, Labour Welfare fund, gratuity and compensated absences.

### ***Defined Contribution plans***

The Group and its jointly controlled entities contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### ***Defined benefit plans***

The Group and its jointly controlled entities operates a defined benefit plan for its employees, viz., gratuity liability. The cost of providing benefits under gratuity plan is determined on the basis of actuarial valuation at each year-end using projected unit credit method. Actuarial gains and losses are recognized in full in the year in which they occur in the Statement of Profit and Loss.

### ***Short-term and long-term employee benefits***

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

## **(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 with the tax laws, which gives 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 highly probable that future economic benefit associated with it will flow to the Group and its jointly controlled entities.

### ***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.



## Notes to Consolidated financial statements *(continued)*

### **(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) 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.

### **(s) Cash flow statement**

The cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group and its jointly controlled entities are segregated.

### **(t) Operating cycle**

Based on the nature of products/activities of the Group and its jointly controlled entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group and its jointly controlled entities has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## Notes to Consolidated financial statements (continued)

	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts ₹	Number	Amounts ₹
<b>3 Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of ₹10 each	50,000,000	500,000,000	50,000,000	500,000,000
	<b>50,000,000</b>	<b>500,000,000</b>	<b>50,000,000</b>	<b>500,000,000</b>
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹10 each	27,233,965	272,339,650	27,233,965	272,339,650
	<b>27,233,965</b>	<b>272,339,650</b>	<b>27,233,965</b>	<b>272,339,650</b>

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	12,014,560	120,145,600	12,029,560	120,295,600
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
	<b>17,729,249</b>	<b>177,292,490</b>	<b>20,088,117</b>	<b>200,881,170</b>

**c) Terms and rights attached to equity shares**

The Holding 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 Holding Company, the shareholders will be entitled to receive remaining assets of the Holding 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 Holding Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2016. Further, the Holding Company has not issued any shares without payment being received in cash.

	As at 31 March 2016	As at 31 March 2015
	₹	₹
<b>4 Reserves and surplus</b>		
<b>Capital reserve</b>		
Balance at the beginning of the year	46,794,798	46,794,798
Add / (Less): Changes during the year on account of translation at the year end	(2,523,885)	-
	<b>44,270,913</b>	<b>46,794,798</b>
<b>Foreign exchange earnings reserve</b>	<b>1,750,000</b>	<b>1,750,000</b>
<b>Securities premium account</b>	<b>1,130,684,095</b>	<b>1,130,684,095</b>
<b>General reserve</b>	<b>102,383,740</b>	<b>102,383,740</b>



## Notes to Consolidated financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>4 Reserves and surplus (Contd.)</b>		
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	19,254,522	26,632,690
Effect of foreign exchange rate variations during the year	(13,013,892)	(7,378,168)
	<b>6,240,630</b>	<b>19,254,522</b>
<b>Surplus in the Statement of Consolidated Profit and Loss</b>		
Balance at the beginning of the year	53,490,516	133,610,076
Add: Loss for the year	(13,008,624)	(38,674,015)
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
	<b>40,481,892</b>	<b>53,490,516</b>
	<b>1,325,811,270</b>	<b>1,354,357,671</b>
	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>5 Long-term borrowings</b>		
<b>Secured term loans from</b>		
- banks	321,183,539	414,714,977
- a financial institution	408,718,939	383,744,825
	<b>729,902,478</b>	<b>798,459,802</b>
Less: Current maturities of long-term debt (refer note (D))	135,111,822	161,524,522
	<b>594,790,656</b>	<b>636,935,280</b>
<b>Unsecured</b>		
From a Director	-	7,501,212
18% Compulsorily Convertible Debentures of ₹100 each (refer note (E))	-	5,000,000
	<b>-</b>	<b>12,501,212</b>
	<b>594,790,656</b>	<b>649,436,492</b>



# Notes to Consolidated financial statements *(continued)*

## 5 Long-term borrowings (Contd.)

### Notes:

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

- (i) During the year ended 31 March 2008, Icon Hospitality Private Limited ("Icon"), a subsidiary 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 15.70% 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 borrowing are secured by the personal guarantees of the Directors and Key Management Personnel of Icon., The balance outstanding as at 31 March 2016 is ₹ 107.76 million (31 March 2015: ₹ 156.83 million).
- (ii) During the year ended 31 March 2009, Maruti Comforts & Inn Private Limited ("Maruti"), a subsidiary 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. The balance outstanding as at 31 March 2016 is ₹ Nil (31 March 2015: ₹ 7.50 million).
- (iii) During the year ended 31 March 2009, Cosmos Premises Private Limited ("Cosmos"), a subsidiary 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 the Holding Company and Vascon Engineers Limited. The balance outstanding as at 31 March 2016 is ₹ Nil (31 March 2015: ₹ 2.79 million).
- (iv) During the year ended 31 March 2010, Ksheer Sagar Developers Private Limited ("KSDPL"), a jointly controlled company 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 the holding company (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 2016 is ₹ 191 million (31 March 2015: ₹ 238.38 million).
- (v) During the year, KSDPL has been sanctioned loan facility from IDBI Bank Limited for ₹ 50 million bearing an interest rate of 14% p.a. on floating basis. The same is secured by hypothecation of stocks, receivables and other current assets of KSDPL, both present and future. Further secured by way of extension of equitable mortgage on first pari passu charge along with Tourism Finance Corporation of India Limited (TFCIL) on commercial land and building of the holding company. In addition, the overdraft is secured by second charge on hypothecation of the balances in escrow account. The overdraft is further secured by personal guarantee of Mr. Chander K. Baljee, Managing Director of the holding company.  
The principal balance outstanding as at 31 March 2016 is ₹ 16.50 million (31 March 2015: ₹ Nil).
- (vi) Term loans from banks also include vehicle loans taken by the Holding Company and one of its subsidiary and a jointly controlled entity which 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. The outstanding balance of such vehicle loans as at 31 March, 2016 is ₹ 5.92 million (31 March 2015: ₹ 9.21 million).

- B)** (i) The Holding 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 2016 is ₹ 408.72 million (31 March 2015 : ₹ 383.74 million).



## Notes to Consolidated financial statements (continued)

- C) The unsecured loans are interest free and are repayable after end of one year.
- D) 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. Refer Note 11
- E) Compulsorily Convertible Debentures are convertible at par on or before 5 years at the option of the Debenture Holder. During the financial year ended March 2016, the same has been converted into equity shares.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>6A Deferred tax liability (net)</b>		
<b>Deferred tax liabilities on</b>		
Depreciation and amortisation	57,611,964	74,233,491
	<b>57,611,964</b>	<b>74,233,491</b>
<b>Deferred tax assets on</b>		
Unabsorbed depreciation	47,162,772	50,728,583
Provision for employee benefits	917,503	2,731,428
Provision for doubtful trade receivables	1,235,190	2,773,436
Provision for rent straightlining	328,358	-
	<b>49,643,823</b>	<b>56,233,447</b>
	<b>7,968,141</b>	<b>18,000,044</b>
<b>6B Deferred tax asset (net)</b>		
<b>Deferred tax liabilities on</b>		
Depreciation and amortisation	-	-
<b>Deferred tax assets on</b>		
Provision for employee benefits	1,987,309	1,348,309
	<b>1,987,309</b>	<b>1,348,309</b>

**Note:**

Certain entities of the Group have a net deferred tax asset as at 31 March 2016 significantly arising from unabsorbed depreciation and brought forward tax losses. As a matter of prudence and in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available to set off deferred tax assets arising out of such brought forward losses and unabsorbed depreciation, the group has recognized deferred tax asset on unabsorbed depreciation only to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>7 Other long term liabilities</b>		
Lease rent equalisation	16,081,090	13,411,750
Security deposit	4,250,000	4,250,000
	<b>20,331,090</b>	<b>17,661,750</b>
<b>8 Long-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 32(b))	17,577,888	15,967,621
Compensated absences	6,617,607	-
	<b>24,195,495</b>	<b>15,967,621</b>

## Notes to Consolidated financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>9 Short-term borrowings</b>		
<b>Secured</b>		
Bank overdraft (refer note (i) below)	25,302,496	24,875,171
From a body corporate in which the Director of the Holding Company is interested (refer note (ii) below)	50,000,000	50,000,000
	<b>75,302,496</b>	<b>74,875,171</b>
<b>Unsecured</b>		
From a director	13,409,284	2,500,000
From a body corporate in which the Director is interested	8,087,818	8,000,000
From other parties	5,695,093	9,963,087
	<b>27,192,195</b>	<b>20,463,087</b>
	<b>102,494,691</b>	<b>95,338,258</b>

### Notes:

- (i) Icon Hospitality Private Limited ('Icon'), a subsidiary 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 key management personnel and 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 2016 is ₹ 25 million (31 March 2015: ₹ 24.87 million).
- (ii) Secured by way of first charge on the fixed assets and current assets of Amar Tara Hospitality Private Limited, a subsidiary Company, both present and future. Additionally, the term loan was secured by the corporate guarantees of the holding company and the subsidiary. This Loan bears interest rate of 18% p.a.  
The principal balance outstanding as at 31 March 2016 is ₹ 50 million (31 March 2015 - ₹ 50 million).
- (iii) Unsecured loan from Director and from body corporate in which the Director is interested is payable on demand and carries an interest rate ranging from 14% to 18% per annum.
- (iv) Other unsecured loans are interest free and repayable on demand.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>10 Trade payables</b>		
Acceptances	-	-
Other than acceptances [refer note (i) and (ii) below]	299,422,530	261,407,419
	<b>299,422,530</b>	<b>261,407,419</b>
(i) Includes payable to related parties (refer note 30(iv))	26,731,218	11,817,049

- (ii) 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 with the respective companies. This has been relied upon by the auditors.



## Notes to Consolidated financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>11 Other current liabilities</b>		
Current maturities of long-term debt (refer note 5)	135,111,822	161,524,522
Interest accrued and due on secured borrowings	19,732,392	19,755,804
Interest accrued but not due on secured and unsecured borrowings	18,802,843	15,557,460
Interest accrued on Compulsorily Convertible Debentures	12,176,758	142,028
Unclaimed dividends [refer note (a) below]	322,250	702,722
Debenture application money pending allotment	-	22,987,427
Statutory dues	65,217,563	65,607,057
Advance received from customers	48,560,262	45,526,679
Book overdraft	15,952,443	21,315,582
Project creditors (including retention money payable)	35,665,801	39,867,104
Other liabilities	47,495,043	19,834,216
	<b>399,037,177</b>	<b>412,820,601</b>

**Note:**

- a) The Company has transferred an amount of ₹ 380,472 (2015 : 226,536) to Investor Education and Protection Fund during the year.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>12 Short-term provisions</b>		
Provision for employee benefits	2,030,742	2,185,206
Gratuity (refer note 32 (b))	2,571,019	11,335,355
Compensated absences	7,161,941	2,498,969
Provision for taxation, net of advance taxes	<b>11,763,702</b>	<b>16,019,530</b>

# Notes to Consolidated financial statements (continued)

13. Tangible Assets		(Amount in ₹)						
Particulars	Land (Freehold) (refer note (i) below)	Buildings (including improvements) constructed on leasehold land	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
<b>Gross block</b>								
<b>Balance as at 01 April 2014</b>	<b>988,696,238</b>	<b>731,082,925</b>	<b>820,509,950</b>	<b>407,995,111</b>	<b>58,298,762</b>	<b>89,913,888</b>	<b>49,042,697</b>	<b>3,491,056,874</b>
Additions	-	2,288,979	8,508,629	4,275,579	7,254,291	2,081,213	1,103,806	26,721,531
Disposals	6,949,019	509,820	151,818	(732,828)	4,300,478	444,758	607,520	12,230,585
Adjustments (refer note (ii) below)	-	-	6,758,537	14,551,713	-	594,014	296,684	22,200,948
<b>Balance as at 31 March 2015</b>	<b>981,747,219</b>	<b>732,862,084</b>	<b>822,108,224</b>	<b>398,451,805</b>	<b>61,252,575</b>	<b>90,956,329</b>	<b>49,242,299</b>	<b>3,483,346,872</b>
Additions	-	1,383,579	12,415,872	39,491,429	1,255,000	975,007	1,611,575	58,353,420
Disposals/adjustments	17,876,991	9,534,256	12,000,188	33,109,409	4,590,909	500,722	1,439,082	79,051,557
<b>Balance as at 31 March 2016</b>	<b>963,870,228</b>	<b>724,711,407</b>	<b>822,523,908</b>	<b>404,833,825</b>	<b>57,916,666</b>	<b>91,430,614</b>	<b>49,414,792</b>	<b>3,462,648,735</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 01 April 2014</b>	<b>13,413,285</b>	<b>192,543,523</b>	<b>285,432,997</b>	<b>298,855,742</b>	<b>33,967,006</b>	<b>32,450,202</b>	<b>38,670,293</b>	<b>976,787,932</b>
Charge for the year (refer note 27)	2,159,818	21,781,758	59,666,367	30,765,322	8,762,070	2,936,694	8,097,873	145,452,260
Eliminated on disposal/adjustments	-	509,820	151,818	(732,828)	4,268,944	358,593	607,520	5,163,867
Adjustments (refer note (ii) below)	-	-	(2,035,762)	(12,892,173)	-	(520,224)	(265,266)	(15,713,425)
Depreciation on fully used assets due to adoption of Schedule II of Companies act, 2013	-	-	180,520	19,946,370	1,516,488	53,587,207	1,720,451	77,904,196
<b>Balance as at 31 March 2015</b>	<b>15,573,103</b>	<b>213,815,461</b>	<b>343,092,304</b>	<b>337,408,089</b>	<b>39,976,620</b>	<b>88,095,286</b>	<b>47,615,831</b>	<b>1,179,267,096</b>
Charge for the year (refer note 27)	2,159,819	22,662,466	60,240,365	28,978,347	7,550,207	1,260,934	4,403,132	138,616,622
Eliminated on disposal/adjustments	(28,763)	10,833,627	1,360,371	35,656,207	4,545,766	671,716	5,452,042	58,490,966
<b>Balance as at 31 March 2016</b>	<b>17,761,685</b>	<b>225,644,300</b>	<b>401,972,298</b>	<b>330,730,229</b>	<b>42,981,061</b>	<b>88,684,504</b>	<b>46,566,921</b>	<b>1,259,392,752</b>
<b>Net block</b>								
<b>Balance as at 31 March 2015</b>	<b>966,174,116</b>	<b>519,046,623</b>	<b>479,015,920</b>	<b>61,043,716</b>	<b>21,275,955</b>	<b>2,861,043</b>	<b>1,626,468</b>	<b>2,304,079,776</b>
<b>Balance as at 31 March 2016</b>	<b>946,108,543</b>	<b>499,067,107</b>	<b>420,551,610</b>	<b>74,103,596</b>	<b>14,935,605</b>	<b>2,746,110</b>	<b>2,847,871</b>	<b>2,203,255,983</b>

## Note:

- Land (freehold) includes ₹ 7,290,000, representing the Group's share of undivided land jointly owned with its subsidiary, Royal Orchid Jaipur Private Limited and Royal Orchid South Private Limited and other entities.
- Represents adjustments relating to discrepancies noticed on physical verification of fixed assets by the management in the previous year in one of the subsidiary companies
- During the previous year, 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 previous 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 had been adjusted from the retained earnings and minority interest, respectively.



# Notes to Consolidated financial statements (continued)

Particulars	Computer Software	Total
<b>14 Intangible assets</b>		(Amount in ₹)
<b>Gross block</b>		
<b>Balance as at 01 April 2014</b>	<b>3,137,550</b>	<b>3,137,550</b>
Additions	307,616	307,616
Disposals	-	-
<b>Balance as at 31 March 2015</b>	<b>3,445,166</b>	<b>3,445,166</b>
Additions	-	-
Disposals	-	-
<b>Balance as at 31 March 2016</b>	<b>3,445,166</b>	<b>3,445,166</b>
<b>Accumulated amortisation</b>		
<b>Balance as at 01 April 2014</b>	<b>1,883,179</b>	<b>1,883,179</b>
Amortisation for the year (refer note 27)	711,095	711,095
Reversal on disposals	-	-
<b>Balance as at 31 March 2015</b>	<b>2,594,274</b>	<b>2,594,274</b>
Amortisation for the year (refer note 27)	364,870	364,870
Reversal on disposals	-	-
<b>Balance as at 31 March 2015</b>	<b>2,959,144</b>	<b>2,959,144</b>
<b>Net block</b>		
<b>Balance as at 31 March 2015</b>	850,892	850,892
<b>Balance as at 31 March 2016</b>	<b>486,022</b>	<b>486,022</b>

	As at 31 March 2016	As at 31 March 2015
	₹	₹
<b>15 Non-current investments (Valued at cost, unless stated otherwise)</b>		
<b>Long-term, non-trade investments in government securities (unquoted)</b>		
National savings certificate	225,000	225,000
	<b>225,000</b>	<b>225,000</b>
<b>16 Long-term loans and advances</b>		
(Unsecured, considered good)		
Security deposits for hotel properties and others (₹ 70 million (31 March 2015: ₹ 70 million) from related parties)	251,636,946	246,540,642
Interest accrued and due on deposits	3,201,192	2,780,306
Prepaid expenses	26,176,695	27,294,098
Advance taxes, net of provision for taxation	91,141,381	76,607,481
MAT credit entitlement	40,172,953	22,200,000
Balances with Government Authorities (VAT and Service tax recoverable)	3,218,785	-
Capital advances	13,880,031	380,981
Others	25,243,159	11,007,006
	<b>454,671,142</b>	<b>386,810,514</b>

## Notes to Consolidated financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>16. Long-term loans and advances (Cont'd)</b>		
<b>Unsecured, considered doubtful</b>		
Security deposit for others	1,200,000	1,200,000
Capital Advances	3,584,777	3,584,777
	<b>4,784,777</b>	<b>4,784,777</b>
Less: Provision for doubtful advances/deposits	(4,784,777)	(4,784,777)
	-	-
	<b>454,671,142</b>	<b>386,810,514</b>
<b>17. Inventories</b>		
(At lower of cost or net realisable value)		
Food and beverages	15,633,621	13,999,841
Stores and spares	5,894,682	6,405,313
	<b>21,528,303</b>	<b>20,405,154</b>
<b>18. Trade receivables</b>		
(Unsecured)		
Outstanding for a period exceeding six months from the due date		
Considered doubtful	33,275,399	28,856,353
	<b>33,275,399</b>	<b>28,856,353</b>
Other trade receivables		
Considered good	152,988,341	154,628,826
	<b>152,988,341</b>	<b>154,628,826</b>
	<b>186,263,740</b>	<b>183,485,179</b>
Less: Provision for doubtful trade receivables	33,275,399	28,856,353
	<b>152,988,341</b>	<b>154,628,826</b>
<b>19 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	65,797,489	87,319,711
- in deposit accounts (with maturity upto 3 months)	45,918,840	26,836,638
Cash on hand	3,987,111	4,200,918
	<b>115,703,440</b>	<b>118,357,267</b>
<b>Other bank balances</b>		
Balances with banks		
- in deposit accounts (with maturity more than 3 months but less than 12 months)	16,168,175	22,185,281
- in deposit accounts earmarked for margin money for bank guarantee	4,290,764	-
- Unpaid dividend account	322,250	702,722
	<b>20,781,189</b>	<b>22,888,003</b>
	<b>136,484,629</b>	<b>141,245,270</b>



## Notes to Consolidated financial statements (continued)

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>20 Short-term loans and advances (Unsecured, considered good)</b>		
Advances to suppliers	5,234,365	12,867,798
Security deposits	58,000	15,403,500
Interest accrued on Compulsorily Convertible Debentures from a jointly controlled entity	-	2,517,585
Interest accrued on deposits	573,160	330,279
Prepaid expenses	16,921,958	17,841,472
MAT credit entitlement	-	1,429,068
Advances due from employees	3,483,539	1,578,846
Others	9,993,895	13,280,116
	<b>36,264,917</b>	<b>65,248,664</b>
<b>21 Other current assets (Unsecured)</b>		
<b>Considered good</b>		
Unbilled revenue	15,112,695	8,480,940
Interest accrued on Compulsorily Convertible Debentures from a jointly controlled entity	2,517,585	-
Interest accrued on deposits with banks	721,813	-
Other receivables	117,376	-
	<b>18,469,469</b>	<b>8,480,940</b>
<b>Considered doubtful</b>		
Other receivables	185,218	-
Less: Provision for other receivables	185,218	-
	-	-
	<b>18,469,469</b>	<b>8,480,940</b>
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>22 Revenue from operations</b>		
- Room nights	914,607,330	848,402,767
- Food and beverages	558,258,014	519,125,587
- Other services	51,561,190	47,483,371
- From services at managed hotels	60,889,028	62,532,950
	<b>1,585,315,562</b>	<b>1,477,544,675</b>
<b>23 Other income</b>		
Interest income		
- on deposits with banks	7,742,036	12,876,356
- on Compulsorily Convertible Debentures from a jointly controlled entity	-	2,797,315
- on management fee receivable from a jointly controlled entity	617,520	-
Liabilities no longer required, written back	20,688,096	909,868
Miscellaneous	14,554,926	16,378,627
	<b>43,602,578</b>	<b>32,962,166</b>



## Notes to Consolidated financial statements *(continued)*

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>24 Food and beverages consumed</b>		
Opening stock	13,999,841	15,005,338
Add : Purchases during the year	209,096,265	189,895,019
	<b>223,096,106</b>	<b>204,900,357</b>
Less : Closing stock	15,633,621	13,999,841
	<b>207,462,485</b>	<b>190,900,516</b>
<b>25 Employee benefits expense</b>		
Salaries and wages	315,795,392	305,065,032
Contribution to provident fund (refer note 32 (a))	13,773,147	16,816,089
Gratuity (refer note 32 (b))	4,608,612	1,335,285
Staff welfare expenses	33,523,549	29,269,718
	<b>367,700,700</b>	<b>352,486,124</b>
<b>26 Finance costs</b>		
Interest expense		
- on term loans from banks	56,761,586	46,696,420
- on term loan from a financial institution	57,088,501	49,485,485
- on loan from a body corporate	9,000,000	9,475,413
- on bank overdraft	4,208,519	3,635,224
- on unsecured loans/ compulsorily convertible debentures	20,835,498	39,448,756
- on others	1,314,305	6,935,521
	<b>149,208,409</b>	<b>155,676,819</b>
<b>27 Depreciation and amortisation</b>		
Depreciation (refer note 13)	138,616,622	145,452,260
Amortisation (refer note 14)	364,870	711,095
	<b>138,981,492</b>	<b>146,163,355</b>
<b>28 Other expenses</b>		
Guest transportation	12,908,925	10,878,378
Linen and room supplies	28,636,223	29,916,975
Catering and other kitchen supplies	16,687,311	16,118,062
Cablenet charges	6,443,616	7,143,865
Uniform washing and laundry	18,174,532	16,215,800
Music and entertainment	11,963,114	6,482,080
Banquet expenses	64,745,780	53,905,622
Power, fuel and water	153,798,065	148,381,068
Management fee	3,371,544	3,056,619
Garden, landscaping and decoration	3,994,452	2,160,204
Security charges	14,690,936	13,403,418
Communication and stationery	29,371,461	25,937,189
Subscription charges	4,874,957	8,970,780
Rent (refer note 33)	151,534,911	144,668,656
Repairs and maintenance		



## Notes to Consolidated financial statements (continued)

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>28 Other expenses (Cont'd)</b>		
- Buildings	10,026,368	21,427,748
- Plant and equipment	25,099,240	17,595,815
- Others	15,027,343	15,973,183
Insurance	4,984,232	5,533,766
Commission, brokerage and discount	26,019,740	27,245,784
Rates and taxes	43,641,528	35,713,029
Legal and professional	60,371,911	37,330,644
Travelling and conveyance	33,157,786	24,978,800
Advertisement and business promotion	25,443,598	25,455,156
Provision for doubtful trade and other receivables	4,604,258	3,712,947
Directors' sitting fees	1,436,840	1,035,000
Royalty	2,479,917	2,787,349
Loss on sale/disposal of fixed assets	2,668,594	13,554,242
Bank charges	2,142,511	7,826,241
Miscellaneous	28,467,655	15,777,783
	<b>806,767,348</b>	<b>743,186,203</b>
<b>29 Earnings per share</b>		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net profit after tax attributable to equity shareholders in ₹	(13,008,624)	(38,674,015)
Basic and diluted earnings per share in ₹	(0.48)	(1.42)
Nominal value per equity share in ₹	10	10

### 30 Related parties

#### i Key Management Personnel (KMP)

Mr. Chander K. Baljee

#### ii (a) Relatives of KMP

Mrs. Sunita Baljee

#### ii (b) Entities controlled by KMP

Baljees Hotels and Real Estate Private Limited

Hotel Staylonger Private Limited

#### ii (c) Entities significantly influenced by KMP

Presidency College of Hotel Management

#### iii Joint Venture

Ksheer Sagar Developers Private Limited

# Notes to Consolidated financial statements (continued)

## 30 Related parties (Cont'd)

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 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
<b>Management and technical fee income</b>								
Ksheer Sagar Developers Private Limited	3,006,796	5,685,379	-	-	-	-	-	-
<b>Interest income on investments in Compulsorily Convertible Debentures</b>								
Ksheer Sagar Developers Private Limited	-	2,797,315	-	-	-	-	-	-
<b>Interest on management fee dues</b>								
Ksheer Sagar Developers Private Limited	617,520	-	-	-	-	-	-	-
<b>Interest expense on loans taken</b>								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	1,440,000	8,190,000
Mr. Chander K. Baljee	-	-	450,000	862,397	-	-	-	-
<b>Repayment of loans taken</b>								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	-	50,000,000
Mr. Chander K. Baljee	-	-	-	2,500,000	-	-	-	-
<b>Unsecured loan taken</b>								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	-	50,000,000
<b>Remuneration (refer note below)</b>								
Mr. Chander K. Baljee	-	-	17,691,500	19,210,000	-	-	-	-
<b>Rental expense</b>								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	24,000,000	24,000,000
Hotel Staylonger Private Limited	-	-	-	-	-	-	6,000,000	6,000,000

(Amounts in ₹)



## Notes to Consolidated financial statements (continued)

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

(Amounts in ₹)

Nature of transaction	Joint Venturer		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>Technical and management fees receivable</b>								
Ksheer Sagar Developers Private Limited	6,654,854	13,782,988	-	-	-	-	-	-
<b>Loan payable</b>								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	(8,000,000)	(8,000,000)
Mr. Chander K. Baljee	-	-	(2,500,000)	(2,500,000)	-	-	-	-
<b>Interest payable on loans availed</b>								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	(1,063,310)	(2,686,496)
Mr. Chander K. Baljee	-	-	(1,311,509)	(906,509)	-	-	-	-
<b>Interest receivable on investments in Compulsorily Convertible Debentures</b>								
Ksheer Sagar Developers Private Limited	2,517,585	2,517,585	-	-	-	-	-	-
<b>Interest receivable on management fee due</b>								
Ksheer Sagar Developers Private Limited	617,520	-						
<b>Dues from/(to) a director, net</b>								
Mr. Chander K. Baljee	-	-	(3,901,472)	(690,448)	-	-	-	-
Mrs. Sunita Baljee	-	-	-	-	-	(45,161)	-	-
<b>Rent payable</b>								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	(15,852,922)	(6,958,918)
Hotel Staylonger Private Limited	-	-	-	-	-	-	(6,976,824)	(4,701,028)

# Notes to Consolidated financial statements (continued)

## 30 Related parties (Cont'd)

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

Nature of transaction	Joint Venturer		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>Security deposit given</b>								
Hotel Staylonger Private Limited	-	-	-	-	-	-	10,000,000	10,000,000
Mr. Chander K. Baljee	-	-	60,000,000	60,000,000	-	-	-	-
<b>Security deposit payable</b>								
Presidency college of Hotel Management	-	-	-	-	-	-	(3,000,000)	(3,000,000)
<b>Corporate guarantee taken outstanding</b>								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	-	(390,000,000)
<b>Personal guarantee taken outstanding</b>								
Mr. Chander K. Baljee	-	-	(1,000,000,000)	(1,529,000,000)	-	-	-	-
Mr. Keshav Baljee	-	-	(350,000,000)	(350,000,000)	-	-	-	-
<b>Corporate guarantee issued outstanding</b>								
Ksheer Sagar Developers Private Limited	(350,000,000)	(350,000,000)	-	-	-	-	-	-

**Note:** The Holding 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. Further, the Holding Company received approval from the CG for payment of remuneration amounting ₹ 138.10 lakhs to the MD vide letter dated 05 February 2015 received during fiscal 2016 in relation to fiscal 2015, and recognised incremental remuneration amounting ₹ 18.10 lakhs during the year ended 31 March 2016.



# Notes to Consolidated financial statements *(continued)*

31 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

SI No	Name of the entity	Net Assets		Share in Profit/(Loss)	Amount in ₹
		As a % of consolidated net assets	Amount in ₹	As a % of consolidated (profit)/loss	Amount in ₹
Parent					
1	Royal Orchid Hotels Limited	19.69%	314,669,339	(357.04%)	46,445,378
Indian subsidiaries					
1	Amartara Hospitality Private Limited	24.89%	397,779,986	87.42%	(11,371,828)
2	Icon Hospitality Private Limited	25.38%	405,615,963	225.35%	(29,314,333)
3	Cosmos Premises Private Limited	18.52%	296,017,682	(119.61%)	15,559,119
4	Maruti Comforts & Inn Private Limited	8.92%	142,634,249	(96.00%)	12,488,357
5	Royal Orchid Associated Hotels Private Limited	1.79%	28,602,971	161.85%	(21,054,794)
6	Royal Orchid Jaipur Private Limited	2.48%	39,675,468	(13.11%)	1,705,797
7	Royal Orchid Maharashtra Private Limited	(0.11%)	(1,792,794)	0.13%	(17,475)
8	Royal Orchid Hyderabad Private Limited	0.93%	14,857,992	1.97%	(255,720)
9	AB Holdings Private Limited	(1.11%)	(17,744,333)	4.50%	(585,616)
10	Royal Orchid Goa Private Limited	0.03%	446,254	0.20%	(26,378)
11	Royal Orchid Shimla Private Limited	0.03%	440,066	0.24%	(30,977)
12	Royal Orchid Mumbai Private Limited	0.03%	418,571	0.13%	(17,175)
13	Royal Orchid South Private Limited	(0.05%)	(744,797)	2.08%	(270,493)
Foreign subsidiary					
1	Multi Hotels Limited	6.15%	98,349,796	52.67%	(6,851,665)
	Minority Interest in all subsidiaries	(22.87%)	(365,522,179)	(180.05%)	23,421,552
Jointly controlled entities - Indian					
1	Raj Kamal Buildcon Private Limited	3.00%	47,938,875	4.17%	(542,925)
2	Ksheer Sagar Developers Private Limited	6.30%	100,677,454	316.74%	(41,203,650)
3	JH Builders Private Limited	3.00%	47,891,168	4.17%	(542,925)
4	Ksheer Sagar Buildcon Private Limited	3.00%	47,939,188	4.17%	(542,874)
<b>Total</b>		<b>100.00%</b>	<b>1,598,150,920</b>	<b>100.00%</b>	<b>(13,008,624)</b>

# Notes to Consolidated financial statements (continued)

## 32 Employee benefit plans

### a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 13,773,147 (Year ended 31 March 2015: ₹ 16,816,090) for Provident Fund contributions, and ₹ 3,707,951 (Year ended 31 March 2015: ₹ 3,932,871) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

### b) Defined benefit plans

The Company offers gratuity benefit schemes to its employees, included under 'Employee benefits expense' in note 25. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
<b>Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	18,152,826	17,109,276
Service cost	4,773,517	3,984,214
Interest cost	2,275,378	1,531,255
Actuarial (gain)/ loss	(2,440,313)	(4,180,184)
Benefits paid	(3,152,778)	(291,735)
<b>Liability recognised in the Balance Sheet</b>	<b>19,608,630</b>	<b>18,152,826</b>
<b>Components of net gratuity costs are</b>		
Service cost	4,773,517	3,984,214
Interest cost	2,275,378	1,531,255
Recognised net actuarial gain	(2,440,283)	(4,180,184)
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>4,608,612</b>	<b>1,335,285</b>
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year	19,608,630	18,152,826
Funded status of the plans	-	-
<b>Liability recognised in the Balance Sheet</b>	<b>19,608,630</b>	<b>18,152,826</b>
<b>Assumptions used for Gratuity and Compensated absences</b>		
Discount rate	7.80%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
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.

### Experience adjustments:

Particulars	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
Defined Benefit Obligation	19,608,630	18,152,827	17,109,276	17,178,355	13,862,165
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	19,608,630	18,152,827	17,109,276	17,178,355	13,862,165
Experience adjustments on liabilities: gain/(loss)	2,008,676	6,397,986	2,418,633	2,317,596	3,467,747
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-



## Notes to Consolidated financial statements (continued)

### 33 Operating leases

The Group and its jointly controlled entities 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 recognised during the year ended 31 March 2016 is ₹ 151,534,911 (31 March 2015 ₹ 144,668,656).

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 2016 ₹	Year ended 31 March 2015 ₹
Within one year	78,849,924	84,338,295
Later than one year but not later than five years	102,494,281	181,832,082
Later than 5 years	216,974,867	203,186,984
	<b>398,319,072</b>	<b>469,357,361</b>

### 34 Commitments and contingencies

#### a) Litigations

- i) The holding company has been named as a defendant in two civil suits filed claiming certain parts of land which are adjacent to the hotel premises which were leased from the Karnataka State Tourism Development Corporation ("KSTDC") and Bruhat Bengaluru Mahanagara Palike ("BBMP") and being in the possession of the holding company, since 1992 and 2004 respectively. These cases are pending with the Civil Court and High Court respectively and scheduled for hearings shortly. The management believes that these cases will be settled in its favour and will not adversely affect its operations.
- ii) The holding 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 holding company since 1997. The plaintiff seeks a relief of a permanent injunction restraining the holding 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 holding company to continue to operate its current hotels as on that date but has restrained the holding 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 holding company's proposed hotels in Vadodara under the 'Royal Orchid' brand. During the year ended 31 March 2014, the holding company has obtained favourable rulings from the Intellectual Property Appellate Board. The Madras High Court has passed an order in Feb, 2015 for cancellation of Registration of Trademark, against which the holding company has filed an appeal before the Supreme Court and the appeal is yet to come up for hearing before Supreme Court. The management believes that the case will be settled in its favour and will not affect its current and future operations.
- iii) The holding company received tax demand including interest, from the Indian tax authorities for payment of tax of ₹ 44.90 million, arising on denial of certain expenditure, upon completion of tax assessment for the fiscal years 2009, 2011 and 2012. The holding company's appeal against the said demands are pending before appellate authorities in various stages of litigation. The holding 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 holding 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 ₹ 32,336,410 plus applicable interests for certain alleged violations of the Export Promotion Capital Goods Scheme. The Company has filed an appeal before the CESTAT, Mumbai and an unconditional stay in the matter is granted till the disposal of the appeal. Based on a detailed evaluation and independent advice obtained, the management believes that the case will be settled in its favour. Accordingly, these financial statements do not include adjustments, if any, on the above account.



# Notes to Consolidated financial statements *(continued)*

## 34 Commitments and contingencies (Cont'd)

### b) Commitments

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
(i) Claims against the Company not acknowledged as debts - Bonus for the year 2014-15	886,079	-
(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	376,141	-

### c) Guarantees

The holding company has given guarantees to banks for loans sanctioned to a jointly controlled entity amounting to ₹ 700,000,000 (31 March 2015: ₹ 700,000,000) and an unrelated party amounting to ₹ Nil (31 March 2015: ₹ 225,000,000).

### d) 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.

## 35 Segment information

The Group and its jointly controlled entities business comprise of 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 Group and its jointly controlled entities derives its entire revenue from services rendered in India. Consequently, the disclosure of business segment-wise information is not applicable to the Group and its jointly controlled entities.

Geographical segment of the Group and its jointly controlled entities are Tanzania and India. The carrying value of segment assets outside India is ₹ 183,654,979 and all other assets of the Group and its jointly controlled entities are situated in India. Additions to fixed assets during the year outside India is ₹ 37,865,766.

- 36** On 30 June 2014, the Company terminated the 'Hotel Operations Agreement' with Samhi Hotels Private Limited ('Samhi') in lieu of termination fee of ₹ 332.00 lakhs, of which ₹ 132.00 lakhs was payable by Samhi to the Company on completion of certain contractual obligations. The Company recorded fees from termination of management contract amounting ₹ 200.00 lakhs during September 2014 on its receipt, being initial consideration and ₹ 132.00 lakhs on receipt during June 2015 on completion of the required contractual obligations. The aforesaid fee of ₹ 132.00 lakhs and ₹ 200.00 lakhs has been disclosed as an exceptional item in the Consolidated Statement of Profit and Loss.



## Notes to Consolidated financial statements *(continued)*

### 37 Financial Reporting of Interest in Joint Ventures

The Holding Company's share of each of the assets, liabilities, income and expenses (each without elimination of the effect of transactions between the Holding Company and the Jointly Controlled Entities) related to its interests in the Jointly Controlled Entities are as follows:

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>I. ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	525,290,986	551,413,957
Intangible assets	257,554	257,554
Capital work-in-progress	51,140	-
Long-term loans and advances	3,097,871	3,927,505
<b>Current assets</b>		
Inventories	1,868,750	2,054,534
Trade receivables	7,079,874	8,260,155
Cash and bank balances	7,336,507	2,742,118
Short-term loans and advances	1,377,460	6,508,796
Other current assets	384,914	407,341
<b>II. LIABILITIES</b>		
Non-current liabilities		
Long-term borrowings	198,500,000	176,450,233
Long-term provisions	1,130,613	753,347
<b>Current liabilities</b>		
Short-term borrowings	8,443,161	11,070,251
Trade payables	-	-
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	14,811,644	10,664,891
Other current liabilities	69,849,576	118,841,254
Short-term provisions	174,769	401,141
<b>III. INCOME</b>		
Revenue from operations	98,268,039	90,420,356
Other income	853,702	450,879
<b>IV. EXPENSES</b>		
Food and beverages consumed	11,625,243	11,293,087
Employee benefits expenses	19,000,761	19,278,803
Finance costs	46,543,675	58,066,712
Depreciation and amortisation	24,150,543	23,018,441
Other expenses	38,531,101	29,316,943

# Notes to Consolidated financial statements *(continued)*

## 37 Financial Reporting of Interest in Joint Ventures (Cont'd)

- (a) The Holding Company has neither incurred any contingent liability in relation to its interests in joint ventures nor incurred any contingent liability jointly with other venturers.
- (b) The Holding Company is not liable for the liabilities of the other venturers of any joint venture.
- (c) The Holding Company has no capital commitment in relation to its interest in joint ventures and there are no other capital commitments that have been incurred jointly with other venturer.

## 38 Payments to the statutory auditors (net of service tax input credit) included in legal and professional expense (refer note 28)

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
For audit		
- to auditors of the Company	3,750,000	* 2,350,000
- to auditors of the subsidiaries and joint ventures	2,451,380	2,038,450
Reimbursement of expenses	24,500	187,746
	<b>6,225,880</b>	<b>4,576,196</b>

\* Includes ₹ 250,000 paid to erstwhile auditors.

## 39 Comparatives

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

### For and on behalf of the Board of Directors

**Chander K Baljee**

Managing Director

**R.V.S. Rao**

Director

**Amit Jaiswal**

Chief Financial Officer

Bengaluru

30 May 2016





## ROYAL ORCHID HOTELS LIMITED

### Notice

Notice is hereby given that the THIRTIETH Annual General Meeting of the Members of ROYAL ORCHID HOTELS LIMITED will be held on THURSDAY, THE 29<sup>TH</sup> DAY OF SEPTEMBER, 2016 AT 10:00 A. M. at **ROYAL ORCHID RESORT AND CONVENTION CENTER, ALLALSANDRA, BELLARY ROAD, YELAHANKA, NEAR JAKKUR FLYING CLUB, BENGALURU - 560 065, KARNATAKA** to transact the following businesses:

#### **ORDINARY BUSINESSES:**

1. To consider and adopt:
  - (a) the Audited Financial Statements of the Company for Financial Year ended March 31, 2016, together with 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, 2016, together with reports of the Auditors thereon.
2. To appoint a Director in place of Mr. Sunil Sikka (DIN: 00083032), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company.

To ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Bengaluru as Statutory Auditors of the Company to hold office from the conclusion of Thirtieth Annual General Meeting upto the conclusion of the Thirty First Annual General Meeting and to authorize the Board of Directors or any Committee thereof to fix their remuneration, in consultation with the Auditors.

To consider and if thought fit, pass with or without modification(s), following as an **"ORDINARY RESOLUTION"**:

**"RESOLVED THAT** pursuant to Sections 139, 142 of the Companies Act, 2013 ("the Act"), the Companies (Audit and Auditors) Rules, 2014 ("the Rules"), Schedules attached thereto, (including any statutory modification(s) or enactment(s) or re-enactment(s) thereof, for the time being in force), pursuant to the recommendation of Audit Committee of the Company and that of the Board and pursuant to the approval of Members at the Twenty Ninth Annual General Meeting held on September 29, 2015, consent of the Members of Company be and is hereby accorded to ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore (Firm Registration Number: 117366W/W-100018) as Statutory Auditors of the Company, to hold office as Statutory Auditors from the conclusion of Thirtieth Annual General Meeting till the conclusion of Thirty First Annual General Meeting of the Company at a remuneration to

be decided by the Board of Directors or any Committee thereof in consultation with the Auditors."

#### **SPECIAL BUSINESSES:**

4. **To appoint Dr. Vivek Mansingh as Independent Director of the Company.**

To consider and if thought fit, pass with or without modification(s), following resolution as an **"ORDINARY RESOLUTION"**:

**"RESOLVED THAT** pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment(s) thereof for the time being in force), Dr. Vivek Mansingh (DIN: 06903079), who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective August 12, 2016 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. Vivek Mansingh (DIN: 06903079), as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (Five) years with effect from August 12, 2016 and the term shall not be subject to retirement by rotation;

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and is 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."

5. **To Re-appoint Mr. Vijay Rekhi as Independent Director of the Company for a second term.**

To consider and if thought fit, pass with or without modification(s), following resolution as a **"SPECIAL RESOLUTION"**:

**"RESOLVED THAT** pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 ("the Act"), Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules") , Schedule IV to the Act, (including any statutory modification(s) or enactment(s) thereof for the time being in force) and all the other applicable provision(s), if any, of the Act, consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Vijay Rekhi (DIN: 00191298), to the office of

## Notice (continued)

*Independent Director, for a second term up to September 30, 2017 and the term shall not be subject to retirement by rotation;*

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and is 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."

**6. To authorise Board of Directors for payment of remuneration to Non-executive Directors of the Company.**

To consider and if thought fit, pass with or without modification(s), following resolution as an **"ORDINARY RESOLUTION"**:

**"RESOLVED THAT** pursuant to Sections 197 and 198 of the Companies Act, 2013 ("the Act"), rules made there under ("the Rules"), including any statutory modification(s) or re-enactment(s) thereof, the members of the Company be and hereby accord their consent and authorise that, the Board may, in its absolute discretion, fix the actual remuneration/commission to Non-executive Directors and Independent Directors of the Company, as may be determined and revised from time to time and in such a manner as the Board may decide, an aggregate amount not exceeding 1 % (One percent) of the Net Profit of the Company for all such Non-executive Directors and Independent Directors of the company collectively;

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and is 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."

**For and on behalf of the Board of  
ROYAL ORCHID HOTELS LIMITED**

**C. K. BALJEE**  
**DIN: 00081844**  
**MANAGING DIRECTOR**

Date: August 12, 2016  
Place: Bengaluru

Registered Office: No.1, Golf Avenue,  
Adjoining KGA Golf Course, Kodihalli,  
HAL Airport Road, Bengaluru - 560 008, Karnataka  
CIN: L55101KA1986PLC007392  
E-mail: [investors@royalorchidhotels.com](mailto:investors@royalorchidhotels.com)

### Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF ITSELF AND THE PROXY NEED NOT BE A MEMBER.** The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered office of the Company not less than **48 (FORTY-EIGHT) HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. A person can act as a proxy on behalf of Members not exceeding **50 (Fifty)** and holding in the aggregate not more than **10 (Ten)** percent of the total share capital of the Company carrying voting rights. A member holding more than **10 (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 a Member.
- The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item Nos. 4 to 6 set out above and details as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Directors seeking appointment/re-appointment at this Annual General Meeting are annexed hereto as **ANNEXURE - A**.
- The Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).
- Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail addresses either with the Company or with the Depository or with Company's Registrar and Share Transfer Agent ("RTA"), Integrated Enterprises (India) Limited.
- In respect of Members whose e-mail ids are registered with the Company/the Depositories the Annual Report is sent in electronic mode. The Members who have not registered their e-mail ID are requested to register the same with Company's Registrars and Transfer Agents/Depositories. The Members who are desirous of receiving the full Annual



## Notice *(continued)*

Report may write to the Company's Registrar for a copy of the same.

6. Members, who are holding Company's shares in physical form and have not registered/updated their e-mail addresses, addresses and bank mandates with the Company, are requested to submit their requests to Company's RTA for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. Members, who are holding Company's shares in Demat form, are requested to register/update the same with their Depository Participant(s) directly.
7. 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.
8. As an austerity measure, members/proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
9. Corporate members intending to send their authorized representatives to attend the meeting are requested to lodge a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting authorizing such person to attend and vote on its behalf at the meeting.
10. 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.
11. Relevant documents referred to in the accompanying Notice and the Statement, are 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.
12. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
13. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, the 22<sup>nd</sup>**

**Day of September, 2016 to Thursday, the 29<sup>th</sup> Day of September, 2016 (both days inclusive)** for the purpose of Annual General Meeting.

14. Members may also note that Notice calling the Meeting will be available on Company's website viz., [www.royalorchidhotels.com](http://www.royalorchidhotels.com).
15. Mr. G. Shanker Prasad (ACS 6357), Company Secretary in whole time practice has been appointed as the Scrutinizer to scrutinize the e-voting and poll process in a fair and transparent manner.
16. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members, the facility for transacting all the businesses set out in this Notice, through electronic voting system (to cast their vote electronically from a place other than the venue of Annual General Meeting) by using the electronic voting facility provided by Central Depository Services Limited ("CDSL").
17. The members, who are not able to attend the Annual General Meeting, can exercise their vote through poll (ballot) form attached to the notice and send the same to Scrutinizer, Mr. G. Shanker Prasad, Practicing Company Secretary at No. 10, AGs Colony, Anand Nagar, Bengaluru - 560 024, so as to reach him on or before September 28, 2016 at 17:00 Hrs.

### **The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on **Monday, the 26<sup>th</sup> Day of September, 2016 at 09:30 Hrs** and ends on **Wednesday, the 28<sup>th</sup> Day of September, 2016 at 17:00 Hrs**. 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 **Thursday, the 22<sup>nd</sup> Day of September, 2016** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.

## Notice *(continued)*

- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (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](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

### For Members holding shares in Demat Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both 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).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **ROYAL ORCHID HOTELS LIMITED** on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and





## Notice *(continued)*

click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) **Note for Non – Individual Shareholders and Custodians**

- a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c) After receiving the login details a 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.
- d) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- e) 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.

(xxi) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or send email to Company at [inverstor@royalorchidhotels.com](mailto:inverstor@royalorchidhotels.com) or contact the Company or Registrar & Share Transfer Agent.

(xxii) 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](http://www.royalorchidhotels.com) and will be communicated to the NSE Ltd. and BSE Ltd.

## ANNEXURE - A

### EXPLANATORY STATEMENTS

(Pursuant to Section 102 of the Companies Act, 2013)

#### Item No. 4

Your Board, on recommendation by Nomination and Remuneration Committee, at its meeting held on August 12, 2016 has appointed Dr. Vivek Mansingh (DIN: 06903079) as an Additional Director on the Board of Company to hold office till the next Annual General Meeting of the Company and therefore, his office is liable to be vacated at this Annual General Meeting. Your Board recommends appointment of Dr. Vivek Mansingh as an Independent Director of the Company for a period of 5 (Five) years, w.e.f. August 12, 2016 and the term is not liable to retire by rotation. A brief resume of Dr. Mansingh is attached herewith.

Dr. Vivek Mansingh has submitted a declaration to the Company to the effect that he meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Dr. Vivek Mansingh fulfils the conditions specified in the Act and the Rules framed there under for appointment as Non-Executive Independent Director and he is independent of the management. Dr. Vivek Mansingh has submitted, a declaration in prescribed Form DIR-8 to the effect that he is not disqualified from being appointed as Director in terms of Section 164 of the Act, consent to act as Director in prescribed Form DIR-2 and disclosure of interest in prescribed Form MBP-1.

The Company has received a notice, in writing, from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Dr. Vivek Mansingh for the office of Non-Executive Independent Director of the Company. In compliance with the provisions of Section 149 of the Act read with Schedule IV of the Act, the appointment of Dr. Vivek Mansingh as Non-Executive and Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Brief resume and other details of the Independent Director whose appointment is proposed are provided in the annexure to the Explanatory Statement attached herewith as **Annexure - 1**.



## Notice *(continued)*

Dr. Vivek Mansingh is deemed to be interested in the resolution set out respectively at Item No. 04 of this Notice with regard to its respective appointment.

Except Dr. Vivek Mansingh, none of the Director(s) and/or Key Managerial Personnel(s) and their relative(s) is either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution.

Your Board recommends the said resolution, as ordinary resolution, for your approval.

### Item No. 5

Mr. Vijay Rekhi (DIN: 00191298) was appointed as Non-Executive Independent Director of the Company on July 06, 2011 and his term is expiring on September 30, 2016 and the Board, on recommendation by Nomination and Remuneration Committee hereby proposes his appointment for a second term up to September 30, 2017 and the term is not liable for retirement by rotation. A brief resume of Mr. Rekhi is attached herewith.

Mr. Vijay Rekhi (DIN: 00191298) has submitted a declaration to the Company to the effect that he meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Mr. Vijay Rekhi fulfils the conditions specified in the Act and the Rules framed there under for appointment as Non-Executive Independent Director and he is independent of the management. He has submitted his declaration in prescribed Form DIR-8 to the effect that he is not disqualified from being appointed as Director in terms of Section 164 of the Act, his consent to act as Director in prescribed Form DIR-2 and his disclosure of interest in prescribed Form MBP-1.

The terms and conditions of appointment of Mr. Rekhi shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Brief resume and other details of the Independent Director whose appointment is proposed are provided in the annexure to the Explanatory Statement attached herewith as **Annexure - 1**.

Mr. Vijay Rekhi is deemed to be interested in the resolution set out respectively at Item No. 05 of this Notice with regard to his respective appointments.

Except Mr. Vijay Rekhi, none of the Director(s) and/or Key Managerial Personnel(s) and their relative(s) is either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution.

Your Board recommends the said resolution, as special resolution, for your approval.

### Item No. 6

It is proposed to authorise Board of your Company to fix and pay any remuneration/commission to Non-executive Directors (including Independent Directors) of the Company as the Board deem fit. However aggregate amount of such remuneration shall not exceed more than 1 (One) percent of the Net Profit of the Company, calculated in accordance with Section 198 of the Companies Act and rules made there under. Such payment will be in addition to the sitting fees for attending Board/Committee meetings. The said resolution is being proposed in accordance with the consent and approval of the Nomination and Remuneration Committee and Board of Directors of the Company.

Details of sitting fees paid to Non-Executive Directors and Independent Directors during the Financial Year 2015 - 2016 is provided in the Annexure IV to the Boards' Report and the Corporate Governance Report.

Except all of the Non-Executive and Independent Directors of the Company to whom the resolution relates, none of the Director(s) and/or Key Managerial Personnel(s) and their relative(s) is either directly or indirectly concerned or interested, financially or otherwise in the Resolution mentioned at Item No. 06 of the notice.

Your Board recommends the said resolution, as ordinary resolution, for your approval.



## Notice *(continued)*

### ANNEXURE - 1

#### Details of the Directors seeking appointment / re-appointment / alter in their tenure at the forthcoming Annual General Meeting of the Company (Pursuant to Section 102 of the Companies Act, 2013, and the LODR)

Name of the Director	Mr. Sunil Sikka
Current Position	Mr. Sikka is presently a Director of Royal Orchid Hotels Limited and also serving the Board of India Exposition Mart Limited.
Qualification	Post Graduate in Commerce.
Experience	Vast experience in Export Industry
Shareholding in the Company	15,296 equity shares of ₹ 10/- each

Name of the Director	Dr. Vivek Mansingh
Qualification	Dr. Mansingh is a Gold Medalist engineer from NIT Allahbad (1978). Also Ph. D from the Queen's University, Kingston, Canada in 1986 and completed an Executive Business Management Program with the Stanford University in 1996.
Current position	Dr. Vivek Mansingh is presently the Chairman of the Board of AxisCades Engineering Technologies Limited and is also a member of the Board and engaged Angel Investor of Innovatia, Janaagraha, EnCloudEn, Arthayantra, Golfan, Wolken Software, Teamtoq, Smartbuildings and KlickH.
Experience	Dr. Mansingh, has served as President of Collaboration & Communications Group at Cisco India, from 2010 to 2014. Before joining Cisco Systems, Dr. Mansingh has served as Country Head, Dell India R & D Center. Between 2003- 2005, he worked as VP and MD of Portal Software, India. In the year 2001, Dr. Mansingh worked with Ishoni Networks, as VP and MD, where he led the development of a platform of embedded software for Ishoni's broadband and VoIP system on a chip. In 1997, he founded ATTI, a subsidiary of Aavid, Santa Clara, California where he held the role of an Executive Vice President. In the year 1991, Dr. Mansingh worked as Director of Marketing and Sales at Fujitsu, USA, he led a team of R&D engineers, marketing and sales managers, in US & Japan. Before that Dr. Mansingh worked with Hewlett Packard, as Senior Scientist.
Accolades	<ul style="list-style-type: none"> <li>Dr. Mansingh was listed as honored professional in "National Who's Who for the United States" in the year 2000.</li> <li>Dr. Mansingh is a member of the Board of Governors, National Institute of Technology, Allahabad, India (One of the top engineering institutions in India); and a Charter Member of TiE (The Indus Entrepreneur, a worldwide organization for developing entrepreneurship headquartered in Silicon Valley).</li> <li>Dr. Mansingh is also a recipient of Rotary Club's prestigious Paul Harris Fellow Award for contribution to community service, 2008.</li> <li>Recipient of "INNOVATIVE LEADERSHIP" CHANAKYA Award for National Achievers in 2013.</li> </ul>
Shareholding in the Company	NIL

Name of the Director	Mr. Vijay K. Rekhi
Qualification	Mr. Rekhi is a Post Graduate in Economics from Delhi School of Economics. He obtained his Masters in Business Administration from the Indian Institute of Management, Ahmedabad and attended an Export Management Development Programme at the International Trade Centre at Geneva and Advanced Management Program at Harvard Business School.
Current Position	Mr. Rekhi is presently a Non-executive Independent Director of the Company, and also a member of the Board of Royal Orchid Associated Hotels Private Limited and Vizamar Alcobev & FMCG Advisors Limited
Experience	<ul style="list-style-type: none"> <li>Mr. Rekhi served as the Managing Director of United Spirits Limited until April 19, 2011 and served as its President. Mr. Rekhi has been 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.</li> <li>He served as Regional Director of UB International Ltd and held vast experience in the manufacturing, marketing and general management, particularly in FMCG &amp; Beverage Alcohol domains.</li> <li>He served as the Chairman of the Board of Advisors at Tilaknagar Industries Ltd. since May 1, 2014.</li> <li>He has been a Non Executive Independent Director of Royal Orchid Hotels Limited since July 6, 2011.</li> <li>He served as a Director of United Spirits Limited from 1999 to April 19, 2011. He served as a Non Executive Director of United Breweries (Holdings) Limited from August 2, 2011 to May 8, 2014.</li> <li>He served as a Director of United Breweries Limited until April 29, 2005. He served as a Director of Kingfisher Airlines Limited.</li> </ul>
Shareholding in the Company	NIL

## ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING

Venue: Royal Orchid Resort and Convention Centre, Allasandra, Bellary Road, Near Jakkur Flying Club, Yelahanka, Bengaluru - 560 065, Karnataka.

Landmark: Near Jakkur Flying Club, Yelahanka.



## NOTES

[illegible]

## NOTES

[illegible]

## NOTES

[illegible]

**ROYAL ORCHID HOTELS LIMITED**

Corporate Identity Number (CIN): L55101KA1986PLC007392

Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, Karnataka

Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

**THIRTIETH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2016****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 THIRTIETH ANNUAL GENERAL MEETING of the Company held on Thursday, the 29<sup>th</sup> Day of September, 2016 at 10:00 A. M. at Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bengaluru - 560 065, Karnataka.

Signature of the Shareholder/Proxy present:

\* Applicable for investors holding Shares in Electronic Form.

**THIRTIETH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2016****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

Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, Karnataka

Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

I/we being the member(s) of.....shares of the above named company, hereby appoint:

Name:.....Address:.....

E-mail Id:.....Signature:..... or failing him;

Name:.....Address:.....

E-mail Id:.....Signature:..... or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the THIRTIETH ANNUAL GENERAL MEETING of the Company held on Thursday, the 29<sup>th</sup> Day of September, 2016 at 10:00 A. M. at Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bengaluru - 560 065, Karnataka. or at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Resolution Type	For	Against
1	To consider and adopt the Audited Financial Statements and the Audited Consolidated Financial Statements of the Company along with the Report of the Board and Auditor's thereon for the Financial Year 2015 - 2016.	Ordinary		
2	To appoint a Director in place of Mr. Sunil Sikka (DIN: 00083032), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary		
3	To ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Bengaluru as Statutory Auditors of the Company to hold office from the conclusion of Thirtieth Annual General Meeting up to the conclusion of the Thirty First Annual General Meeting and to authorize the Board of Directors or any Committee thereof to fix their remuneration, in consultation with the Auditors.	Ordinary		
4	To appoint Dr. Vivek Mansingh as Independent Director of the Company.	Ordinary		
5	To Re-appoint Mr. Vijay Rekhi as Independent Director of the Company for a second term.	Special		
6	To authorise Board of Directors for payment of remuneration to Non-executive Directors of the Company.	Ordinary		

Signed this .....day of .....2016.

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.**





**ROYAL ORCHID HOTELS LIMITED**

Corporate Identity Number (CIN): L55101KA1986PLC007392

Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, Karnataka

Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

**THIRTIETH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2016****Form No. MGT-12****BALLOT / POLL FORM**

[Pursuant to section 109(5) of The Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

S No	Particulars	Details
1.	Name of the first named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No. / *Client ID No. (*applicable to investors holding shares in dematerialized form)	
4.	Class of Share	Equity Shares

I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No.	Item No.	Resolution Type	No. of Shares held by me	For	Against
1.	To consider and adopt the Audited Financial Statements and the Audited Consolidated Financial Statements of the Company along with the Report of the Board and Auditor's thereon for the	Ordinary			
2.	To appoint a Director in place of Mr. Sunil Sikka (DIN: 00083032), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary			
3.	To ratify the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Bengaluru as Statutory Auditors of the Company to hold office from the conclusion of Thirtieth Annual General Meeting up to the conclusion of the Thirty First Annual General Meeting and to authorize the Board of Directors or any Committee thereof to fix their remuneration, in consultation with the Auditors.	Ordinary			
4.	To appoint Dr. Vivek Mansingh as Independent Director of the Company.	Ordinary			
5.	To Re-appoint Mr. Vijay Rekhi as an Independent Director of the Company for a second term.	Special			
6.	To authorise Board of Directors for payment of remuneration to Non-executive Directors of the Company.	Ordinary			

Place:

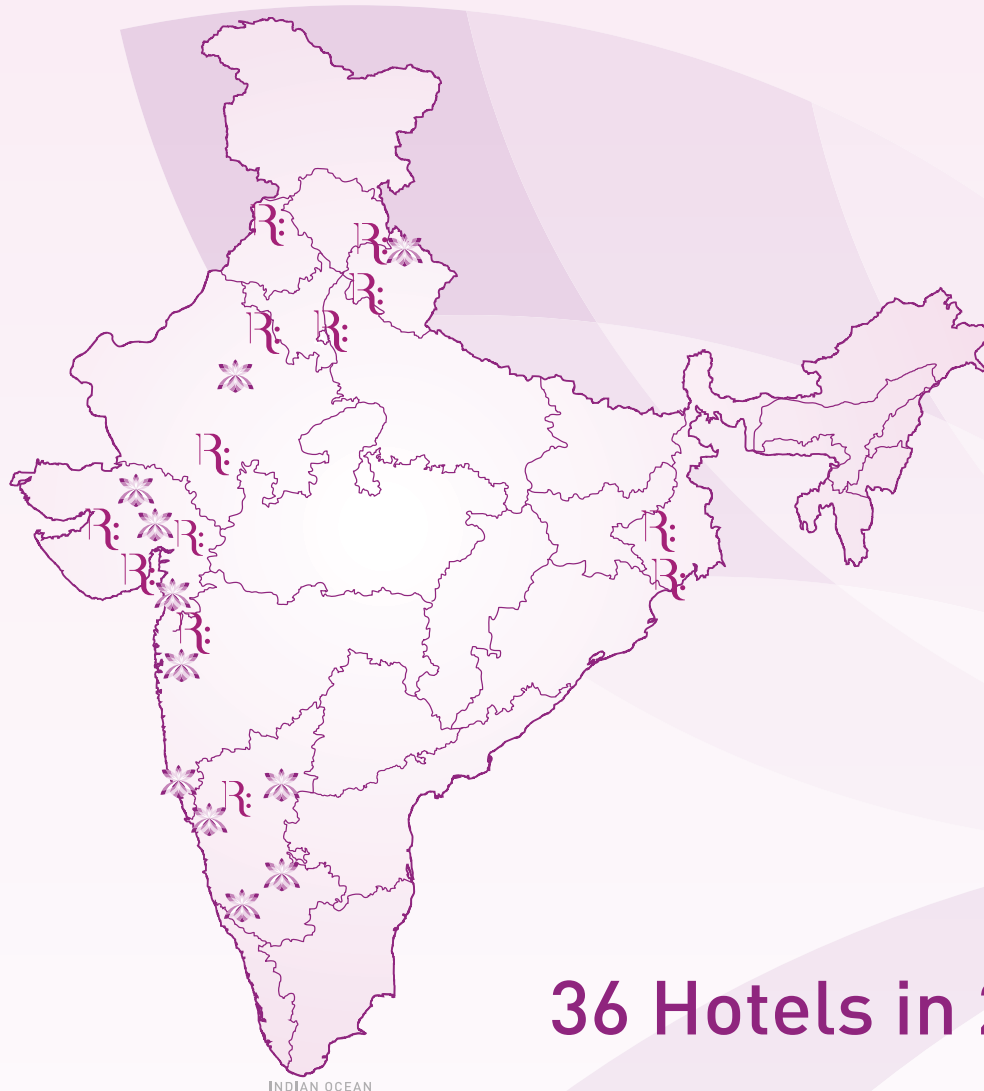
Date:

**(Signature of the shareholder\*)**

(\*as per Company records)







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**E A S T**

### AMRITSAR

Regenta Central

### MUSSOORIE

Royal Orchid Fort Resort

### HARIDWAR

Regenta Orko's

### CHANDIGARH

Regenta Almeida, Zirakpur

### GURGAON

Central Blue Stone

### RANTHAMBORE

Regenta Resort, Vanya Mahal

### JAIPUR

Hotel Royal Orchid  
Royal Orchid Central  
Regenta Central  
Regenta Central, Jhotwara

### SANTINIKETAN

Regenta Camella Resort

### KOLKATA

Regenta Orko's

**S O U T H**

### BANGALORE

Hotel Royal Orchid  
Royal Orchid Central  
Royal Orchid Suites  
Hotel Ramada  
Royal Orchid Resort & Convention Centre  
Regenta Inn

### MYSORE

Royal Orchid Brindavan Garden,  
Royal Orchid Metropole

### SHIMOGA

Royal Orchid Central

### HOSPET

Royal Orchid Central

### DANDELI

Regenta Resort

### CHENNAI

Regenta Cental Deccan

**W E S T**

### GUJARAT

Regenta Central, Bharuch  
Royal Orchid Central, Vadodara  
Regenta Resort, Bhuj  
Regenta, Ahmedabad  
Regenta Central, Rajkot

### NAVI MUMBAI

Royal Orchid Central Grazia

### MAHABALESHWAR

Regenta MPG Club

### PUNE

Royal Orchid Central  
Royal Orchid Golden Suites

### GOA

Royal Orchid Beach Resort & Spa  
Regenta Resort Varca Beach, Goa

**AFRICA**

### NAIROBI

Hotel Royal Orchid, Azure



ROYAL ORCHID  
HOTELS



RE:GEN:TA  
HOTELS

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