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Royal Orchid Hotels Limited
Annual Report
2017 - 2018

Board of Directors

Mr. Chander K. Baljee
Managing Director

Mr. Sunil Sikka
Non Executive Director

Dr. Vivek Mansingh
Independent Director

Mr. Naveen Jain
Independent Director

Ms. Lilian Jessie Paul
Independent Director

Mrs. Sunita Baljee
Non Executive Director

Dear Fellow Shareowners,

Thank you so much for all the support extended to our Company. It's been another remarkable year for the group overall. The Company is growing while we now have 48 hotels across 34 locations. We have added 10 hotels in the last financial year and counting.

I am happy to report that we have delivered a superior financial performance and continued strong growth across all areas of operations.

Royal Orchid Hotels has delivered robust operational and financial performance during the year resulting in standalone net profit of ₹ 1,097.57 lakhs showing a growth of 95% year on year and consolidated net profit of ₹ 245.95 lakhs showing a growth of 154% year on year. We also like to inform you that we have reduced the cost of debt of Royal Orchid Hotels Group by 1.6%, which will reduce finance cost of the Group considerably in the coming years.

In light of the aforementioned performance, the Board proposes to declare a final dividend of 15% to our fellow shareowners. We are successful in doing so after a span of 7 years barring the 10% interim dividend declared in the previous year.

We now aim to modernise our brand, stay in tune with times and provide exceptional service. Our vision is providing authentic hospitality by providing functional comforts making a difference in the lives of the people we touch every day, including our guests and associates we have across our hotels. We not only want to attract best talents but also nurture and groom talents to be entrepreneurs, thinkers and make a difference to hospitality as a sector. Our vision is to revamp the existing IT systems and process to support modernisation which is more system dependent than human dependent for optimum output. Our Marketing vision is to refresh our brand which connects to all sections of the society and appeals to various moods and needs of the new age travellers.

With the middle class disposable income growing continuously over the years, its only important and imperative that we strategize based on the new age travellers. Therefore our emphasis is on creating consumer pull by creative communication. Brand will be more youth and freshness focused with Innovation across all departments to be key focus. While Management of hotels has proved to be a successful business model, we will also focus on leasing hotels as a growing business model.

Our Company thus in keeping with the growing tourism trend has a healthy balance sheet as we undertake several new initiates like all new website, new technology partners for enhanced business, new HR policies for talent retention and major renovation or inventory upgrade across hotels to tune with the times.

Also would like to thank all shareowners, employees, partners in believing in us and helping us to deliver and retain our Brand promise which has resulted in outstanding deliveries and financial results. We acknowledge all your participation and contributions in every way as we begin another year of making memories for both customers and stakeholders.

Warm Regards
Chander K. Baljee
Managing Director

Management Team

Amit Jaiswal
Chief Financial Officer
E: cfo@royalorchidhotels.com

Pushpinder Kumar
Executive Director
E: pushpinder@royalorchidhotels.com

Vikas Passi
Vice President – Operations (West)
E: vikaspassi@royalorchidhotels.com

Ranjan Gupta
Vice President – Operations (South)
E: ranjan@royalorchidhotels.com

Corporate Communication

Sujata Gowda
Asst. Director - Marketing & Communications
E: sujata@royalorchidhotels.com

Loyalty Program

Asma
Director – Customer Services & Loyalty Programs
E: asma@royalorchidhotels.com

Human Resources

Rohit Pandey
General Manager – Human Resources
E: rohit@royalorchidhotels.com

Company Secretary

Ranabir Sanyal
Company Secretary & Compliance Officer
E: cosec@royalorchidhotels.com

Engineering

Selvaraj
Asst. Vice President - Engineering
E: selvaraj@royalorchidhotels.com

Information Technology

Vinod Sahani
General Manager – Information Technology
E: vinod@royalorchidhotels.com

BOARD OF DIRECTORS

Managing Director	-	Mr. Chander K. Baljee
Non-Executive Directors	-	Mr. Sunil Sikka Mrs. Sunita Baljee
Independent Directors	-	Mr. Naveen Jain Dr. Vivek Mansingh
	-	Ms. Lilian Jessie Paul (w.e.f. November 02, 2017) (Additional Director)
Chief Financial Officer	-	Mr. Amit Jaiswal
Company Secretary & Compliance Officer	-	Dr. Ranabir Sanyal
Statutory Auditors	-	M/s. Deloitte Haskins & Sells LLP 17th Floor, Prestige Trade Tower 46, Palace Road, High Grounds Bengaluru - 560 001.
Bankers	-	State Bank of India HDFC Bank Axis Bank Corporation Bank ICICI Bank
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 Registry Management Services Private Limited 30, Ramana Residency, 4th 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 Thirty Second Annual Report of your Company along with the Standalone and Consolidated Audited Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements for the year ended 31 March 2018.

Financial Performance

The Company's financial performance, for the financial year ended 31 March 2018 on standalone and consolidated basis is summarized below:

(₹ in lakhs)

Particulars	As on 31 March 2018		As on 31 March 2017	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	18,945.35	10,214.02	17,487.22	9,272.53
Other Income	893.16	598.99	1,276.16	909.65
Total revenues	**19,838.51**	**10,813.01**	**18,763.38**	**10,182.18**
Food and Beverages Consumed	2,026.85	1,056.07	2,147.82	1,178.36
Employee Benefit Expenses	4,668.43	2,115.67	4,434.46	1,937.65
Finance Costs	1,469.42	524.11	1,546.83	605.81
Depreciation	1,581.79	438.51	1,612.31	447.80
Other Expenses	9,314.55	5,275.12	9,010.70	5,039.17
Total Expenses	**19,061.04**	**9,409.48**	**18,752.12**	**9,208.79**
Profit before exceptional items, tax and minority interest	**777.47**	**1,403.53**	**11.26**	**973.39**
Exceptional Item	145.00	145.00	-	-
Profit before tax and minority interest	**922.47**	**1,548.53**	**11.26**	**973.39**
Tax expense	681.25	450.90	466.85	397.59
Profit/(Loss) for the year	**241.22**	**1,097.63**	**(455.59)**	**575.80**
Other comprehensive income/(loss), net of tax	4.73	(0.06)	1.62	(12.42)
Total comprehensive income/(loss) for the year	**245.95**	**1,097.57**	**(453.97)**	**563.38**

External Environment

The Indian economy grew by 7.2% year on year in the quarter ending December 2017 on good showing by key sectors like agriculture, construction and manufacturing, as against 6.3% year on year in the previous quarter. The growth in GDP during FY 2017-18 is estimated at 6.5% as compared to the growth rate of 7.1% in FY 2016-17.

India's annual inflation rate rose to a 3 month high of 4.58% in April 2018 from 4.28% in the previous month. Inflation rate in India averaged 6.60% from 2012 until 2018, reaching an all-time high of 12.17% in November 2013 and a record low of 1.54% in June 2017 mainly due to demonetization.

Revival in rural demand and increased infrastructure spending is likely to drive India's growth in current year, even as increasing debt and trade protectionism could pose a challenge. After a year of disruptions and growth slowdown due to Goods and Services Tax & demonetisation, Indian economy is consolidating the gains from the recent reforms. There is high optimism in domestic demand in the form of consumption and revival in small scale business activities, resulting in an increase in Foreign Direct Investment flows into the country. With an eye on infrastructure development, the Government has given green light to ₹ 7 trillion infrastructure program in late 2017, with the aim to pave more than 80,000 km of road by March 2022. In addition, Government continues to encourage the expansion of Digital India.

Indian Hospitality Industry

The Indian hospitality industry has been instrumental in contributing to the nation's economic growth. The introduction of e-visa for foreign tourists and the increased domestic travel have helped in contributing to the same.

International travel and tourism arrivals increased by a remarkable 7% to reach a total of 13,220 lakhs in 2017 (January to December), 870 lakhs more than the calendar year 2016. (*Source: UNWTO*).

For India, Foreign Tourist Arrivals during 2017 were 10.18 million with a growth of 15.6% over the same period of the previous year. During 2016 Foreign Tourist Arrivals were 88 lakhs with a growth rate of 9.7% over 2015. (*Source: Ministry of Tourism, Government of India*)

The facility of e-visa has been enhanced and is now offered to citizens of 163 specified countries. In 2017, a total of 17 lakhs tourists availed the facility as compared to 10.79 lakhs in 2016, which represents a growth of 57%.

Boards' Report *(continued)*

The growth in demand for rooms (5%) has been consistently outpacing the supply (3.2%) growth in India and this trend has been sustained over the recent past. This has resulted in an all India occupancy level of 65% across the industry. Except Chennai & Gurgaon, most key cities saw a healthy increase in demand. *(Source: STR reports)*

Key Financial and Operational Highlights

Standalone performance:

During the financial year 2017-18, the Company earned revenue from operations amounting to ₹ 10,214.02 lakhs as compared to ₹ 9,272.53 lakhs in the previous financial year, thus marking a growth of 10.15% over the previous financial year. Total revenues of the Company have increased by 7.62% over the previous financial year. The Company generated total comprehensive income of ₹ 1,097.57 lakhs during the year ended 31 March 2018 as compared to ₹ 563.38 lakhs in the previous financial year, thus registering a growth of 94.82% over the previous financial year.

Consolidated/ Group performance:

During the financial year 2017-18, the Group earned revenue from operations amounting to ₹ 18,945.35 lakhs as compared to ₹ 17,487.22 lakhs in the previous financial year, thus marking a growth of 8.34% over the previous financial year. Total revenues of the Group have increased by 6.50% over the previous financial year. The Group generated total comprehensive income of ₹ 245.95 lakhs during the year ended 31 March 2018 as compared to losses of ₹ 453.97 lakhs in the previous financial year, thus registering a growth of 154.18% over the previous financial year.

Key Business Developments during the 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. Royal Orchid Group has presence in **34** cities in **11** states with **3,294** Rooms and **1.74+** Lakh Royal reward members. Most of the hotels in the group are present in Metro cities. Royal Orchid Hotels Limited has demonstrated the scalability of keys by establishing its presence in Tier I & Tier II cities. Royal Orchid Hotels Limited will continue to bring Luxury rooms at lower rates across country.

During the financial year 2017-18, the Company opened ten hotels under the asset light model. The details of the hotels opened during the year are as follows:

Regenta Central Antarim, Ahmedabad

Located in the heart of the city on CG Road at Navrangpura, Hotel Regenta Central Antarim is at close proximity to major prestigious locations within the city like Kankaria Lake, Sardar Patel Stadium and Gandhi Ashram making it one of the best hotels in Ahmedabad.

- Artisan offers A la Carte and Buffet dining options to the guests.
- Hibachi is your one-stop destination for the authentic flavours of Oriental cuisine.
- Cake Walk is a 24*7 patisserie with a mini-library
- Teraso is one of the most sought after banquet halls in Ahmedabad, which is of 1680 sq.ft with a capacity of over 200 guests.
- Lincoln 1 is spread over an area of 560 sq with a capacity of 75 guests
- Lincoln 2 is spread over 315 sq. ft. and can hold a gathering of maximum 40 guests.
- Lincoln 3 is spread over area of 305 sq. ft. and is spacious enough to hold a gathering of 40 guests
- Oval Office is personalised corporate meetings, training sessions, presentations or any other business gathering for up to 12 guests.

Regenta Inn Embassy, Ajmer

Located very close to the railway station is one of the best destinations that you can choose as your home during your trip to Ajmer.

- Silver Leaf, our all-day dining multi-cuisine veg restaurant is known for serving a variety of Indian, Chinese and Continental delights.
- Status offers an array of cuisines from our global menu and embark on a gastronomical journey at our multi-cuisine veg restaurant
- Boardroom is equipped with all business-friendly amenities, our formal and well-furnished boardroom is ideal for any kind of corporate meetings and business get-togethers**.**

Regenta LP Vilas, Dehradun

Nestled among the lush green valley of Dehradun, is an ode to the bygone era of Rajput and Mughal dynasties, kept alive through awe-inspiring architecture and decor.

- CoCo, our round the clock coffee lounge that will quickly fix any sweet or savory Indian or European delight
- Zaffran, offers the best multi-cuisine buffet/à-la-carte service in the city with menus ranging from authentic Indian, Continental, Chinese, exotic Thai and various other cuisines
- Un-Plugged, a bar which offers wide varieties of cocktails and drinks, along with lip-smacking snacks
- Mewar the richly decorated venue exuding heritage and art with its intricate detailing of Rajasthan ethos and style
- Rajputana, Mewar the richly decorated venue exuding heritage and art with its intricate detailing of Rajasthan ethos and style
- Vindhya, This versatile venue with an intimate pre-function area is an ideal place for hosting small social gatherings, birthday parties, classroom sessions and as a conference breakout room
- Royal Garden Lawn, with a sprawling area of over 40000 square feet and can serve nearly 2000 guests
- The Vatika, adjoining open-air area next to the Royal garden lawns is Vatika. The spacious place adjoining the forest can host more than 700 to 800 people.
- Shivalik, the opulent venue where heritage meets modernity has tastefully done interiors with traditional jalli work and can easily host 200 guests

Boards' Report *(continued)*

- Aravali, an elegant venue with rich dark wood paneling and graceful wallpaper work is the ideal venue for a more intimate group or business and board meets.
- Courtyard, offers a magnificent view of the forest as a highlight, the courtyard with both indoor and outdoor setup offers a dazzling and cozy venue for an evening drinks party, reception or private social gatherings.

Regenta Central, Somnath

Nestled in the coastal city of Somnath, the abode of Lord Shiva and the divine land where Lord Krishna took his last breath. The hotel is located in close proximity to Somnath Railway Station and Veraval Railway Station.

Regenta Central Herald, Mysore

Regenta Central Herald is at a close distance from Mysore railway station and all the major attractions of Mysore such as Mysore Zoo, Mysore Palace.

- Pinxx - fine dining multi cuisine restaurant
- Seasons 1 is an ideal venue for hosting corporate meetings, MICE events, business gatherings, or any social or private functions
- Seasons 2, is spread across an area of 900 sq. ft. that can host up to 100 guests

Boardroom designed to accommodate a maximum of 20 guests. The room is well equipped with all the essential amenities needed for business meetings or interviews

Regenta Central Crystal , Kanpur

Located in the center of the bustling city as the latest icon of Kanpur.

- Red Olive, a multi-cuisine restaurant which offers a list of delicacies from the global menu
- 60 Degreeze , a multi-cuisine restaurant which offers an extravagant menu of Indian, Italian and Mughlai delicacies
- Bohemia, is spread across 1,260 sq. ft. hall can house 40 guests in a theatre like seating arrangement; ensures professionalism, perfection, and class that the business world demands
- Solitaire 24 Carat, is spread across 5,040 sq. ft. and can accommodate 60 pax in a cluster like arrangement

Regenta Inn Dwarika, Dwarka

An ideal place for all those who wish to spend a quiet and peaceful time in the enchanting kingdom of Lord Krishna.

- Prasad, multi-cuisine restaurant offers delectable foods with varied dining options that will excite your palate
- Coffee shop, for a variety of options for beverages for savor your tongue
- Shubham I, is spread over a large area of 1025 sq. ft. With a capacity of 100 guests
- Shubam II, can house 150 guests at a time signifies itself to be another state-of-the-art venue that helps in making your events a successful endeavor

Regenta Resort Fort, Pushkar

Magnificent heritage property due to its architecture and is one of the most sought-after destinations in Pushkar.

- Rajwada – the multi-cuisine restaurant boasts of a long list of Indian delicacies with tempting aromas
- Dining Hall, the traditional spirit of the Rajasthani culture has been kept alive in the dining hall with vibrant decorations and colour scheme, which give freedom to its guests to plan an event according to their priorities

Regenta Central, Indore

Located on the Mangliya bypass, is another establishment that adds to the charm of the lively city.

- Fountain Café, our A la carte multi-cuisine restaurant spread across 1,200 sq. ft.
- Bistro 76, an expresso bar is located in the ground floor and is spread across 2,200 sq. ft.
- Masala Craft, enjoy varied and sumptuous list of delicacies from the menu of this restaurant invites you to get on an unforgettable culinary journey
- Sunrise Lawn, it provides a picture-perfect setting for an occasion as big as your wedding or a beautiful dinner date
- NH-01 is spread across 3,768 sq. ft and can host 250 pax at the venue and best of services
- Crystal Hall is spread across 4,800 sq. ft. and can host about 350 to 400 pax that's best suited for parties, functions and even conferences

Regenta Resort Soma Vine, Nashik

Situated 13 km away from Nashik's key business areas and tourist spots.

- Suraahi, a multi-cuisine restaurant which boasts of an extensive A la carte menu with a wide selection of wine to choose from
- Suraahi, a multi-cuisine restaurant which boasts of an extensive A la carte menu with a wide selection of wine to choose from
- Amphitheatre, Situated in the picturesque vineyard, it provides the perfect setting for an occasion as big as the celebration of love or even an intimate dinner event
- White Room conference hall at The Regenta Resort Nashik is a state-of-the-art venue that helps make all your corporate events a success

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 granted 39,000 Stock Options to the employees of the Company under the Employee Stock Option Plan (ESOP) 2014.

Boards' Report *(continued)*

During the financial year under review, the issued and paid-up share capital of the Company was increased to ₹ 2,730.12 lakhs divided into 2,73,01,188 equity shares of face value of ₹ 10 per share by issue and allotment of 67,223 equity shares on account of exercise of employee stock options.

Your Company has received a certificate from the Statutory Auditors of the Company that the scheme has been implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014. The certificate would be placed at the ensuing Annual General Meeting for inspection by Members of the Company.

During the financial year, 19,760 Equity Shares on which no unpaid dividend was claimed for a period of seven years were transferred to Investor Education and Protection Fund Authority, Ministry of Corporate Affairs.

Appropriations

Dividend and Transfers to Reserve

On account of improved performance and Profit after Tax reported by your Company during the current year, the Board of Directors recommend a dividend at the rate of 15% i.e. ₹ 1.50 per share. The dividend on Equity Shares, if approved by the Members would involve a cash payout of ₹ 492.89 lakhs, including dividend distribution tax.

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

Loans, Guarantees or Investments

Your Company is exempt from the provisions of Section 186 of the Companies Act, 2013 ('Act') with regard to Loans and Guarantees. Details of Investments made are given in the Note No. 4 to the Financial Statements.

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 31 March 2018.

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

Pursuant to the Memorandum of Understanding entered into by the Company, the Articles of Association of jointly controlled entities namely Ksheer Sagar Developers Private Limited; J H Builders Private Limited; Ksheer Sagar Buildcon Private Limited & Raj Kamal Buildcon Private Limited have been altered on March 30, 2018 by inserting Board Composition clause, by virtue of which the Company has the right to appoint majority of the Directors in the Board of the aforesaid companies and hence these companies have become the subsidiary Company by virtue of Section 2 (87) of the Companies Act, 2013.

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 31 March 2018 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 at the following link http://www.royalorchidhotels.com/investors.

The policy for determining material subsidiaries can be accessed on your Company's website under the link http://www.royalorchidhotels.com/Images/factsheet/Determining-Material-Subsidiary.pdf

Boards' Report *(continued)*

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:

S. No.	Name of Promoter including Persons Acting in Concert	Total Shareholding as on 31 March 2018	Percentage of Shareholding
1.	Mr. Chander K. Baljee	1,20,01,060	43.96
2.	Mrs. Sunita Baljee	2,26,260	0.83
4.	Mr. Keshav Baljee	8,03,424	2.95
5.	Mr. Sunil Sikka	6,975	0.03
6.	Baljees Hotels and Real Estates Private Limited	57,14,689	20.97
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

In line with the requirements of the Act and the Listing Regulations, your Company has formulated a policy on dealing with Related Party Transactions ('RPTs') which can be accessed on the Company's website under the link: http://www.royalorchidhotels.com/Images/factsheet/Policy-Related-party-transaction.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

Prior omnibus approval is obtained for RPTs which are of a repetitive nature and entered in the Ordinary Course of Business and are at Arm's Length. A statement on RPTs specifying the details of the transactions, pursuant to each omnibus approval granted, has been placed on a quarterly basis for review by the Audit Committee.

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 workforce across all its units. The total number of persons working in the group (permanent employees on rolls and contractual employees) as at **31 March 2018** was **3,351** across all its units in the group.

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 multi-skilled certification programmes has been initiated through Presidency college of Hotel Management. Under Baljee Foundation the Company continues to offer financial support for medical and educational needs of certain category of employees. The Human Resource Team carried out the following programs across the group during the year:

1. Online Hospitality Training Program
2. Food Festivals to make staff experience cuisines of multiple types
3. Plantation drive as an environmental awareness initiative.
4. Blood donation camp and staff health checkup camps in collaboration with Rotary Club, Columbia Asia Hospital & Manipal Hospitals
5. Many Employees were recognized and rewarded with financial benefits under service bonus program. It helps in recognizing and rewarding key talent and resulting in quality talent retention.

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.

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 2017– 2018, complete details of which has been disclosed in **Annexure – V** to this Boards' Report.

Particulars of Loans/Guarantees/Investments

During the year under review the Company has given a Corporate Guarantee of ₹ 20 Crore to Tourism Finance Corporation of India Limited for term loan facility availed by Icon Hospitality Private Limited, a Subsidiary Company. The Company has not given any Inter Corporate loans during the financial year 2017-18, except for the wholly owned subsidiaries amounting to ₹ 171.27 lakhs, which were duly approved under the applicable provisions of the Companies Act, 2013. Particulars relating to Investments have been detailed in the Note No. 4 of the Financial Statements, forming part of this Annual Report.

Boards' Report *(continued)*

Corporate Governance

Your Company has been practising the principles of good corporate governance. pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") 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 2017-2018

As on 31 March 2018, your Board has following Directors:

S. No.	Name	DIN	Category	Designation
1	Mr. Chander K. Baljee	00081844	Executive	Managing Director
2	Mr. Sunil Sikka	00083032	Non-Executive	Non-Independent Director
3	Mrs. Sunita Baljee	00080737	Non-Executive	Non-Independent Director
4	Dr. Vivek Mansingh	06903079	Non-Executive	Independent Director
5	Mr. Naveen Jain	00051183	Non-Executive	Independent Director
6	Ms LilianJessie Paul	02864506	Non-Executive	Independent Director

During the financial year 2017-18 the following changes took place in the Board:

1. Mr Vijay Rekhi tenure was completed on October 01, 2017
2. Mr. Naveen Jain was appointed as Independent Director for a period of 3 years w.e.f October 25, 2016 at the 31st Annual General Meeting of the Company held on September 27, 2017.
3. Ms Lilian Jessie Paul was appointed as Additional Director designated as Independent Director by the Board on 02 November 2017. She is now proposed to be appointed as an Independent Director for a period of three years. Her profile is given in the Annexure to the Notice calling the 32nd Annual General Meeting of the Company.
4. Mr. Sunil Sikka, 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 32nd Annual General Meeting of the Company.

Details of Key Managerial Personnel

As on 31 March 2018 details of Key Managerial Personnel are as follows:

1. Mr. Chander .K. Baljee- Managing Director
2. Mr. Amit Jaiswal- Chief Financial Officer
3. Dr. Ranabir Sanyal- Company Secretary & Compliance Officer

There were no changes in KMP during the financial year.

Committees of the Board

As on March 31st 2018, your Board has following Statutory Committees:

a) Audit Committee
b) Nomination and Remuneration Committee
c) Stakeholders Relationship Committee
d) 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 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 29.05.2017; 10.08.2017; 02.11.2017 and 01.02.2018, 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 ₹ 210.03 lakhs to Mr. Chander K. Baljee, Managing Director of the Company, for Financial Year 2017 – 2018, and your Company has not paid remuneration to him in excess of the limit specified above.

Declaration by Independent Directors

As on March 31st, 2018 your Company has following Independent Directors:

1. Dr. Vivek Mansingh
2. Mr. Naveen Jain
3. Ms Lilian Jessie Paul

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.

Boards' Report *(continued)*

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.

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 in the previous calendar year 2017-18 , to inter-alia consider and discuss the performance of Non-Independent Directors 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 there under 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, 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.
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.

    The Policy for making payment to Non Executive Directors is available on the website of the Company at the following link. http://www.royalorchidhotels.com/Images/factsheet/Non-Executive-Directors.pdf

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.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial

Boards' Report *(continued)*

Personnel) Rules, 2014, the Board has appointed, Mr. G. Shanker Prasad (ACS 6357), Practicing Company Secretary (CoP No. 6450), to undertake the Secretarial Audit of the Company for Financial Year 2017 - 2018.

There were no qualifications by the Auditor in their Secretarial Audit Report in **Form MR-3** for the Financial Year ended 31 March 2018 which is appended as **Annexure – VI** to this Boards' Report.

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 Environment, Sustainability, Hunger eradication imparting Education, enhancing Employability and Skill Development of budding entrepreneurs. The Presidency Educational 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. The details of the CSR activities of the Company are enclosed in **Annexure - VII**.

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 Baljee Foundation 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 and the Company has also adopted a Corporate Social Responsibility Policy (Royal Orchid Corporate Social Responsibility Policy) in this respect, extracts of which are available on the website of the Company at the following link http://www.royalorchidhotels.com/investors.

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 2017 – 2018, along with the Notice of the 32nd 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 2017-2018 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 http://www.royalorchidhotels.com/investors.

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

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as Statutory Auditors of your Company to hold office from the conclusion of the 29 AGM held in the year 2015, until the conclusion of the 34th AGM to be held in the year 2020. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who are appointed in the Annual General Meeting held on September 29, 2015.

Boards' Report *(continued)*

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

1. The Company has been named as a defendant in two civil suits on small portion of land taken on lease from the Karnataka State Tourism Development Corporation ("KSTDC") for the operation of the Hotel Royal Orchid, Bangalore, which are adjacent to the hotel premises. One of the civil suit has been settled in favour of the Company, against which an appeal before the High Court of Karnataka, is pending and in the other matter the Company has an injunction against the other party. Management believes that these cases are not material and will not adversely affect its operations.
2. The Company has been named as a defendant in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff' or "Kamat Hotels") with Bombay High Court restraining the alleged use of the trademark of the Company and a relief of a permanent injuction restraining the Company from using the trademark 'Orchid'. The Company had filed an application seeking an interim injuction while the above proceedings are pending. The Bombay High Court vide its interim order dated 05 April 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated 06 May 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand.

   During the year ended 31 March 2014, the Company has obtained two favourable rulings from the Intellectual Property Appellate Board ("IPAB"). Kamat Hotels had preferred to appeal the ruling of IPAB in Madras High Court. The Madras High Court has passed orders cancelling the registration in Class 42 of Trademarks Act and the Company has filed a Special Leave Petition "SLP" with the Honorable Supreme Court in 2015. Reply to SLP was filed by Kamat Hotels in the form of Counter affidavit and the Company has filed a Rejoinder in the form of an affidavit. The matter was partly heard by the Honorable Supreme Court in April and May of 2017 and has advised Kamat Hotels to consider the options for settlement by displaying the disclaimers on the Websites regarding the disassociation between the two brands. On 13 February 2018, the Supreme Court dismissed the SLP filed by the Company and consequently, the Company has filed a Chamber Appeal against the said Order which is pending for listing. However, the management believes that the outcome of SLP affects only the registration of the trademarks in Class 42 and does not in any way affect the use of marks by the Company.

   The management believes that the case will be settled in its favour and will not affect its current and future operations.
3. During the prior years, a Subsidiary Company had received an Order from Office of the Commissioner of Customs (Export) imposing differential duties and penalties amounting to ₹ 323.36 lakhs plus applicable interests for certain alleged violations of the Export Promotion Capital Goods Scheme. The Subsidiary Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai and an unconditional stay in the matter is granted till the disposal of the appeal. Based on a detailed evaluation and independent advise 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.
4. The Company received tax demand including interest, from the Indian tax authorities for payment of ₹ 449 lakhs (31 March 2017: ₹ 426.20 lakhs; 01 April 2016: ₹ 449 lakhs) 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 were disposed off by the appellate authorities in favour of the Company for fiscal year 2012 and allowed partial benefit in favour of the Company for fiscal years 2009 and 2011. Currently, the matter for these fiscal years are before the Income Tax Appellate Tribunal for hearing.

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

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 an Internal Auditor Mr. Asokka Gandhi who along with his team conducts the Internal Audit of the Company and reports directly to the Audit committee.

The Company also has an Audit Committee comprising 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, 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 Whistle Blower policy can be accessed on your Company's website at the link: http://www.royalorchidhotels.com/Images/factsheet/Whistle-Blower-Policy.pdf

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 31 March 2018, 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 31 March 2018 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.

Compliance with Secretarial Standards on Board Meetings and General Meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Payment of Listing Fee and Custodial Fee

Your Company has paid the both, Annual Listing Fee and Annual Custodial Fee for the Financial Year 2017 – 2018, 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.

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 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 99.88% of the paid-up equity share capital of the Company has been dematerialized as on 31 March 2018.

Boards' Report *(continued)*

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 2017 - 2018.

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.

Acknowledgments

Your Directors place on record, their deep sense of appreciation to all Employees, support staff, for adopting to the values of the Company, viz., collaborative spirit, unrelenting dedication and expert thinking, to be an expertise led organization and the Company's Customers for letting us deliver the Company's Mission statement, to help the businesses and societies flourish.

The Board also immensely thank all the Shareholders, Investors, Vendors, Service Providers, Bankers and all other Stakeholders for their continued and consistent support to the Company during the year.

Your Directors would like to make a special mention of the support extended by the various Banks, Departments of Government of India, the State Governments, the Tax Authorities, the Ministry of Commerce, Ministry of Tourism, Government of India, Karnataka State Tourism Development Corporation (KSTDC), Ministry of Corporate Affairs, Ministry of Finance, 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
Royal Orchid Hotels Limited

	Chander K. Baljee	**Sunita Baljee**
Place : Bengaluru	Managing Director	Director
Date : July 27, 2018	(DIN: 00081844)	(DIN:00080737)

Annexure -I

Form – AOC –I

(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 31.03.2018

PART- A:

S. No.	Name of Subsidiary	Reporting currency and exchange rate	Date since when subsidiary was acquired	Share Capital	Instru-ments entirely equity in nature	Reserves and Surplus	Total Assets	Total Liabilities (exclud-ing Share Capital and Reserves & Surplus)	Invest-ments	Total Income	Profit/ (Loss) Be-fore Tax	Provision for tax	Profit/ (Loss) After Tax	Other com-prehensive income/ (loss), net of tax	Total com-prehensive income/ (loss) for the year	% of Sharehold-ing	Proposed Dividend
				₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs		₹ in lakhs
	Indian																
1	Icon Hospitality Private Limited	Indian Rupee	04.04.2003	1,900.41	301.49	1,089.42	5,964.51	2,673.19	-	2,149.71	(456.66)	-	(456.66)	(8.19)	(464.85)	51.07%	-
2	Maruti Comforts & Inn Private Limited	Indian Rupee	21.11.2005	624.97	106.65	446.90	1,541.67	363.15	-	1,813.58	140.43	30.83	109.60	2.26	111.86	65.22%	-
3	Royal Orchid Hyderabad Private Limited	Indian Rupee	30.09.2006	177.00	-	(28.92)	150.69	2.61	-	-	(0.20)	-	(0.20)	-	(0.20)	100.00%	-
4	Royal Orchid South Private Limited	Indian Rupee	28.03.2007	91.00	-	(101.47)	25.79	36.26	-	-	(1.09)	-	(1.09)	-	(1.09)	100.00%	-
5	A B Holdings Private Limited *	Indian Rupee	01.03.2007	26.00	-	(156.34)	155.16	285.50	48.00	0.00	(0.22)	-	(0.22)	-	(0.22)	100.00%	-
6	Royal Orchid Jaipur Private Limited	Indian Rupee	09.10.2006	124.75	-	61.36	265.37	79.26	-	86.99	(99.53)	-	(99.53)	-	(99.53)	100.00%	-
7	Royal Orchid Maharashtra Private Limited	Indian Rupee	05.06.2008	5.00	-	(26.63)	233.06	254.69	-	-	(3.41)	-	(3.41)	-	(3.41)	100.00%	-
8	Royal Orchid Goa Private Limited	Indian Rupee	05.06.2008	5.00	-	(1.21)	4.95	1.16	-	0.00	(0.29)	-	(0.29)	-	(0.29)	100.00%	-
9	Royal Orchid Shimla Private Limited	Indian Rupee	29.05.2008	5.00	-	(1.10)	4.99	1.09	-	-	(0.20)	-	(0.20)	-	(0.20)	100.00%	-
10	Royal Orchid Mumbai Private Limited	Indian Rupee	20.04.2009	5.00	-	(6.30)	-	1.30	-	-	(0.20)	-	(0.20)	-	(0.20)	100.00%	-
11	Rivershore Developers Private Limited *(Formerly Known as Amar Tara Hospitality Private Limited)*	Indian Rupee	16.11.2009	4,779.81	-	(1,470.44)	4,967.79	1,658.42	-	-	(221.66)	-	(221.66)	-	(221.66)	100.00%	-
12	Cosmos Premises Private Limited #	Indian Rupee	05.09.2012	40.48	-	1,787.12	2,282.97	455.37	-	1,946.07	567.59	168.08	399.51	1.44	400.95	50.00%	-
13	Royal Orchid Associated Hotels Private Limited **	Indian Rupee	01.10.2007	50.00	-	242.78	1,630.09	1,337.31	-	1,918.74	146.32	31.45	114.88	2.28	117.16	100.00%	-
14	Ksheer Sagar Developers Private Limited #	Indian Rupee	18.04.2007	6,000.00	-	(5,192.22)	7,860.19	7,052.41	-	2,398.16	(184.22)	-	(184.22)	7.01	(177.21)	50.00%	-
15	J H Builders Private Limited #	Indian Rupee	18.04.2007	1.00	-	912.23	958.81	45.58	-	-	(10.92)	-	(10.92)	-	(10.92)	50.00%	-
16	Ksheer Sagar Buildcon Private Limited #	Indian Rupee	18.04.2007	1.00	-	913.22	958.81	44.59	-	-	(10.92)	-	(10.92)	-	(10.92)	50.00%	-
17	Raj Kamal Buildcon Private Limited #	Indian Rupee	18.04.2007	1.00	-	913.18	958.81	44.63	-	-	(10.92)	-	(10.92)	-	(10.92)	50.00%	-
	Foreign																
18	Multi Hotels Limited @	Indian Rupee	22.01.2008	0.01	-	877.81	1,783.49	905.67	-	-	(19.03)	-	(19.03)	-	(19.03)	100.00%	-

Notes:

(i) The financial statements of all subsidiaries are drawn upto the same reporting date as that of the Parent Company, i.e., 31 March 2018.

(ii) None of the Subsidiaries has recommended or proposed dividend during the year. However, Cosmos Premises Private Limited has paid an interim dividend of ₹ 96 per equity share of ₹ 10 each.

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

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

\# Subsidiary by Board majority.

** Held by AB Holdings Private Limited.

@ Foreign Subsidiary is situated at Tanzania and their home currency is Tanzanian Shilling. Reported above in Indian Rupees at conversion rate of 1 TSH = INR 0.3450 as on 31.03.2018.

Boards' Report *(continued)*

Annexure – II

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 insub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis : NIL
2. Details of contracts or arrangements or transactions at Arm's length basis :

Sl. No.	Name of related Party	Nature of relationship	Nature of contract/ arrangements/ transaction	Duration of contract/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board (via Admin Committee)	Amount paid as advances, if any
1	Icon Hospitality Private Limited	Subsidiary Company	Corporate Guarantee	12 years	Corporate Guarantee given on Term Loan of 2,000 lakhs from Tourism Finance Corporation of India Limited	28.03.2018	NA

Note: All the Contracts and Arrangements apart from the aforesaid contract entered by the Company during the year as detailed in Note no. 37 in Notes to Accounts are on Arms Length Basis and in the Ordinary Course of Business. Hence, the provisions of Section 188(1) are not applicable to the Company.

Annexure – III

Particulars of Employees

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

i.	The ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial Year;	**Name of the Directors** / **Ratio to the Median**: N.A / N.A *None of the Directors other than Managing Director are being paid any remuneration a part from sitting fees for Board and Committee Meetings*
ii.	The percentage increase in remuneration of each director,chief financial officer, company secretary in the financial year;	**Name** / **Percentage of increase**: Chander K. Baljee Managing Director – 15.00% Amit Jaiswal Chief Financial Officer – 15.00% Ranabir Sanyal Company Secretary & Compliance Officer – NA* * Has not completed one year as on 31 March 2017 i.e. joined w.e.f 26 August 2016.
iii.	Percentage increase in the median remuneration of employees in the financial year;	7.5%
iv.	Number of employees including contractual on the rolls of company;	*961(Permanent employees 759 and on contract 202)*

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 6.5% in the median remuneration of the employees, other than Managerial persons which is given based on individual performance and market trends in the respective areas.*
vi.	The key parameters for any variable component of remuneration availed by the directors;	No variable component paid to the Directors during they ear.
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, Crores per year or at a rate which, is in excess oft hat drawn by them an aging director or whole time director or manager and employees holding by himself or along with his spouse and dependent children,more than two percent oft he equity shares oft he Company.	NIL

Annexure - IV

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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, Adjoinig 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 Registry Management Services Private Limited 30, Ramana Residency, 4th Cross, Sampiege Road, Malleswaram, Bengaluru – 560 003, Karnataka Tel: 080-23460815-818 Email: irg@integratedindia.in

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	63%
2.	FOOD AND BEVERAGE SERVICE ACTIVITIES: Restaurants and Mobile Food Services	56301	31%

Boards' Report *(continued)*

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Icon Hospitality Private Limited, Registered Office: The Central Park, No. 47/1, Dickenson Road, Bengaluru - 560042, 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 - 560065, 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 - 560008, 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 - 560008, Karnataka	U55101KA2006PTC038712	Subsidiary	100.00%	Section 2(87)
5	A B Holdings Private Limited Registered Office: No. 47/1, Manipal Centre, Dickenson Road, Bengaluru - 560042, Karnataka	U70102KA2006PTC040894	Subsidiary	100.00%	Section 2(87)
6	Royal Orchid Jaipur Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560008, 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 - 560008, 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 - 560008, 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 - 560008, 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 - 560008, Karnataka	U55101KA2009PTC049631	Subsidiary	100.00%	Section 2(87)
12	River Shore Developers Private Limited (Formerly known as Amar Tara Hospitality Private Limited) Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560008, Karnataka	U70100MH2009PTC194423	Subsidiary	100.00%	Section 2(87)
13	Cosmos Premises Private Limited Registered Ofiifice: Phoenix, Bund Garden Road, Opp. Residency Club, Pune, Maharashtra - 411001	U70100PN1997PTC133546	Subsidiary	50.00%	Section 2(87)
14	Royal Orchid Associated Hotels Private Limited Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560008, Karnataka	U55101KA2006PTC040290	Subsidiary (of AB Holdings Private Limited)	100.00%	Section 2(87)
15	J.H. Builders Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302018, Rajasthan"	U45201RJ1995PTC010122	Subsidiary	50.00%	Section 2(6)

Boards' Report *(continued)*

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
16	Ksheer Sagar Developers Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302018, Rajasthan	U45201RJ1995PTC010120	Subsidiary	50.00%	Section 2(6)
17	Ksheer Sagar Buildcon Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302018, Rajasthan	U45201RJ1995PTC010707	Subsidiary	50.00%	Section 2(6)
18	Raj Kamal Buildcon Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302018, Rajasthan	U45201RJ1995PTC010121	Subsidiary	50.00%	Section 2(6)

** Overseas subsidiary.*

IV. SHAREHOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category wise Shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
1.	**Indian**									
a.	Individuals/ HUF	1,33,36,412	-	1,33,36,412	48.97%	1,30,37,719	-	1,30,37,719	47.76%	-2.24%
b.	Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
c.	State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	Bodies Corporate	59,44,026	-	59,44,026	21.83%	59,44,026	-	59,44,026	21.77%	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	**1,92,80,438**	**-**	**1,92,80,438**	**70.80%**	**1,89,81,745**	**-**	**1,89,81,745**	**69.53%**	**-1.55%**
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 (A) (2)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
	TOTAL (A)	**1,92,80,438**	**-**	**1,92,80,438**	**70.80%**	**1,89,81,745**	**-**	**1,89,81,745**	**69.53%**	**-1.55%**
B.	**Public**									
1.	**Institutions**									
a.	Mutual Funds	-	-	-	0.00%	2,23,714	-	2,23,714	0.82%	0.00%
b.	Banks/FI	4,547	-	4,547	0.01%	32,307	-	32,307	0.12%	610.51%
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									
g.	FIIs	-	-	-	0.00%	16,44,897	-	16,44,897	6.02%	100.00%
h.	Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i.	Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Sub-total (B)(1)	**4,547**	**-**	**4,547**	**0.01%**	**19,00,918**	**-**	**19,00,918**	**6.96%**	**41705.98%**

Boards' Report *(continued)*

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a. Bodies Corporate									
i. Indian	9,63,664	-	9,63,664	3.54%	10,79,809	-	10,79,809	3.96%	12.05%
ii. Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b. Individuals -	-	-	-	0.00%	-	-	-	0.00%	0.00%
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	35,51,847	54,822	36,06,669	13.24%	32,85,546	33,162	33,18,708	12.16%	-7.98%
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	30,89,525	-	30,89,525	11.34%	17,56,813	-	17,56,813	6.43%	-43.14%
c. Others (specify)									
Non Resident Indians	96,995	-	96,995	0.36%	1,32,501	-	1,32,501	0.49%	36.61%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	1,81.227	-	1,81,227	0.67%	1,08,834	-	1,08,834	0.40%	-39.95%
Trusts	100	-	100	0.00%	600	-	600	0.00%	500.00%
NBFC'S	10,800	-	10,800	0.04%	1,500	-	1,500	0.01%	-86.11%
Escrow Account	-	-	-	0.00%	-	-	-	0.00%	0.00%
IEPF Account	-	-	-	0.00%	19,760	-	19,760	0.07%	0.00%
Sub-total (B)(2)	**78,94,158**	**54,822**	**79,48,980**	**29.19%**	**63,85,363**	**33,162**	**64,18,525**	**23.51%**	**-19.25%**
Total Public (B)	**78,98,705**	**54,822**	**79,53,527**	**29.20%**	**82,86,281**	**33,162**	**83,19,443**	**30.47%**	**4.60%**
C. Shares held by Custodian GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	**2,71,79,143**	**54,822**	**2,72,33,965**	**100.00%**	**2,72,68,026**	**33,162**	**2,73,01,188**	**100.00%**	**0.25%**

(ii) Shareholding of Promoters

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year 01-04-2017			Shareholding at the end of the year 31-03-2018			% 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	1,20,01,060	44.07%	0.00%	1,20,01,060	43.96%	0.00%	-0.16%
2.	Baljee Hotels and Real Estate Pvt. Ltd.	57,14,689	20.98%	0.00%	57,14,689	20.93%	0.00%	-0.05%
3.	Keshav Baljee	8,03,424	2.95%	0.00%	8,03,424	2.94%	0.00%	-0.01%
4.	Arjun Baljee	2,75,193	1.05%	1.08%	-	0.00%	0.00%	-1.05%
5.	Hotel Stay Longer Pvt. Ltd.	2,29,337	0.84%	0.00%	2,29,337	0.84%	0.00%	0.00%
6.	Sunita Baljee	2,26,260	0.83%	0.00%	2,26,260	0.83%	0.00%	0.00%
7.	Sunil Sikka	30,475	0.11%	0.00%	6,975	0.03%	0.00%	-0.08%

Boards' Report *(continued)*

(iii) 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	12,001,060	44.07%	12,001,060	43.96%
2.	Baljee Hotels and Real Estate Pvt. Ltd.	5,714,689	20.98%	5,714,689	20.93%
3.	Keshav Baljee	803,424	2.95%	803,424	2.94%
4.	Arjun Baljee	275,193	1.01%	-	0.00%
5.	Hotel Stay Longer Pvt. Ltd.	229,337	0.84%	229,337	0.84%
6.	Sunita Baljee	226,260	0.83%	226,260	0.83%
7.	Sunil Sikka	30,475	0.11%	6,975	0.03%

	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.)*	Arjun Baljee	Decrease	Transfer	Various dates	275,193	**275,193**
	Sunil Sikka	Decrease	Transfer	Various dates	23,500	**23,500**

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For each of the Top 10 shareholders		Shareholding at the beginning of the year - 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Name					
	NATIONAL WESTMINISTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	1,008,978	3.70%	1,008,978	3.70%
		At the end of the year	1,008,978	3.70%	1,008,978	3.70%
2	Name					
	JUPITER SOUTH ASIA INVESTMENTS COMPANY LIMITED - SOUTH ASIA ACCESS FUND	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	296,558	1.09%	296,558	1.09%
		At the end of the year	296,558	1.09%	296,558	1.09%
3	Name					
	RAHUL KAYAN	At the beginning of year	357,418	1.31%	357,418	1.31%
		Changes during the year	(91,139)	-0.33%	(91,139)	-0.33%
		At the end of the year	266,279	0.98%	266,279	0.98%
4	Name					
	RAHUL MADHUSUDHAN BHANGADIA	At the beginning of year	190,000	0.70%	190,000	0.70%
		Changes during the year	50,000	0.18%	50,000	0.18%
		At the end of the year	240,000	0.82%	240,000	0.88%
5	Name					
	C MACKERTICH PRIVATE LIMITED	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	250,000	0.92%	250,000	0.92%
		At the end of the year	250,000	0.92%	250,000	0.92%
6	Name					
	EDELWEISS TRUSTEESHIP CO LTD AC - EDELWEISS MF AC -EDELWEISS MID CAP FUND	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	223,714	0.82%	223,714	0.82%
		At the end of the year	223,714	0.82%	223,714	0.82%
7	Name					
	KUBER INDIA FUND	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	206,482	0.76%	206,482	0.76%
		At the end of the year	206,482	0.76%	206,482	0.76%

Boards' Report *(continued)*

S. No.	For each of the Top 10 shareholders		Shareholding at the beginning of the year - 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
8	Name					
	RAJESH KUMAR AGRAWAL	At the beginning of year	111,000	0.41%	111,000	0.41%
		Changes during the year	52,479	0.19%	52,479	0.19%
		At the end of the year	163,479	0.60%	163,479	0.60%
9	Name					
	GEOSPHERE INDIA FUND	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	120,000	0.44%	120,000	0.44%
		At the end of the year	120,000	0.44%	120,000	0.44%
10	Name					
	OWN LEASING AND FINANCE PRIVATE LIMITED	At the beginning of year	89,530	0.33%	89,530	0.33%
		Changes during the year	-	0.00%	-	0.00%
		At the end of the year	89,530	0.33%	89,530	0.33%

	Name	Increase / Decrease	Reason	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.)*	NATIONAL WESTMINISTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND	Increase	Purchase	825,244	**1,008,978**
			Purchase	174,756	
			Purchase	8,978	
	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND	Increase	Purchase	247,573	**296,558**
			Purchase	52,427	
			Sale		
	RAHUL KAYAN	Increase	Purchase	50,000	**(91,139)**
			Purchase	10,000	
			Purchase	10,000	
		Decrease	Sale	(25,000)	
		Increase	Purchase	12,903	
			Purchase	35,000	
			Purchase	2,116	
			Purchase	8,312	
			Purchase	27,000	
		Decrease	Sale	(160,000)	
		Increase	Purchase	84,000	
			Purchase	25,000	
			Purchase	27,613	
			Purchase	5,000	
			Purchase	917	
		Decrease	Sale	(250,000)	
		Increase	Purchase	46,000	
	RAHUL MADHUSUDAN BHANGADIA	Purchase	25,000	143,000	**50,000**
		Purchase	5,000	19,900	
		Purchase	10,000	11,000	
		Purchase	10,000	89,999	
	C MACKERTICH PRIVATE LIMITED	Increase	Purchase	250,000	**250,000**
	EDELWEISS TRUSTEESHIP CO LTD AC - EDELWEISS MF AC - EDELWEISS MID CAP FUND	Increase	Purchase	214,232	**223,714**
			Purchase	9,482	

Boards' Report *(continued)*

	Name	Increase / Decrease	Reason	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.)*	KUBER INDIA FUND	Increase	Purchase	59,326	**206,482**
			Purchase	40,674	
			Purchase	80,000	
			Purchase	28,828	
		Decrease	Sale	(2,346)	
	RAJESH KUMAR AGRAWAL	Increase	Purchase	3,000	**52,479**
			Purchase	4,752	
			Purchase	998	
		Increase	Purchase	3,000	
			Purchase	4,752	
			Purchase	998	
			Purchase	250	
			Purchase	2,140	
			Purchase	860	
			Purchase	1,750	
			Purchase	1,510	
		Decrease	Sale	(200)	
			Sale	(1,560)	
			Sale	(500)	
		Increase	Purchase	5,000	
			Purchase	8	
			Purchase	192	
			Purchase	5,701	
			Purchase	26	
			Purchase	1,626	
			Purchase	10,235	
			Purchase	1,800	
			Purchase	312	
			Purchase	3,100	
			Purchase	50	
			Purchase	50	
			Purchase	2,518	
			Purchase	982	
			Purchase	2,000	
			Purchase	5,879	
	GEOSPHERE INDIA FUND	Increase	Purchase	2,903	**120,000**
			Purchase	2,464	
			Purchase	9,853	
			Purchase	34,073	
			Purchase	4,758	
			Purchase	4,323	
			Purchase	9,385	
			Purchase	4,751	

Boards' Report *(continued)*

V. INDEBTEDNESS

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

(Amt. in ₹ lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,159.55	105.00	-	4,264.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	26.11	34.13	-	60.24
Total (i+ii+iii)	**4,185.66**	**139.13**	**-**	**4,324.79**
Change in Indebtedness during the financial year				
- Addition	18.00	-	-	18.00
- Reduction	505.26	14.91	-	520.17
Net Change	**(487.26)**	**(14.91)**	-	**(502.17)**
Indebtedness at the end of the financial year				
i) Principal Amount	3,678.42	105.00	-	3,783.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	19.99	19.22	-	39.20
Total (i+ii+iii)	**3,698.40**	**124.22**	**-**	**3,822.62**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in INR Actuals)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager
	Name	**Chander K. Baljee**
	Designation	Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,003,288
	(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)	**21,003,288**
	Ceiling as per the Act and with the approval of Central Government	**21,003,288**

B. Remuneration to other Directors

(Amount in INR Actuals)

S N.	Particulars of Remuneration	Name of Director						Total Amount (₹)
	Name	**Vijay K. Rekhi**	**Naveen Jain**	**Vivek Mansingh**	**Sunil Sikka**	**Sunita Baljee**	**Lilian Jessie Paul**	
	Designation	**Director**	**Director**	**Director**	**Director**	**Director**	**Director**	
	Independent Directors							
	Fee for attending board / committee meetings	220,000	546,000	406,000	-	-	242,000	1,414,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	220,000	546,000	406,000	-	-	242,000	1,414,000
	Other Non-Executive Directors							
	Fee for attending board / committee meetings	–	–	-	155,000	210,000	-	365,000
	Commission	–	–	-	-	-	-	-
	Others, please specify	–	–	-	-	-	-	-
	Total (2)	–	–	-	155,000	210,000	-	365,000
	Total (B)=(1+2)	220,000	546,000	406,000	155,000	210,000	242,000	1,779,000
	Total Managerial Remuneration	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Note: During the financial year 2017-18 only sitting fees are paid and ceiling of managerial remuneration is not applicable to payment of sitting fees

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

(Amount in INR Actuals)

Sl No.	Total Managerial Remuneration	Name of Key Managerial Personnel			Total Amount (₹)
	Name		**Amit Jaiswal**	**Ranabir Sanyal**	
	Designation	**C.E.O.**	**Chief Financial Officer**	**Company Secretary**	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	55,20,000	18,84,000	74,04,000
	(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	-	6,43,400	-	6,43,400
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**-**	**61,63,400**	**18,84,000**	**80,47,400**

Boards' Report *(continued)*

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)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

ANNEXURE – V

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:

i) Steps taken or impact on conservation of energy:

The Operations of your company are not energy intensive. However adequate measure have been initated to reduce energy consumption further by implementing the additional measures are various hotels in the group which are as follows:

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-superheater and hot water is generated for domestic use and utilized in Guest room and public area.
3. In place of HSD/LPG fired boilers,LPG fired boilers 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 oft he 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 Vapourlampto COBLED.
5. Occupancy sensors are provided for lighting and AC in public area, Back oft he house,Toilets,Gym, Staircase etc.
6. Dawn & Dusk Sensor, Analog & Digital Timers are used for streetlights,Hotel Periphery lights, Building focus lights,Hoardings, Sign age's etc.
7. Energy audit, Energy audit 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. Implementation of Balance score card for development of Process to improve operational efficiency.
12. Building Management System is installed for efficient operation of engineering system.
13. Smart TV's are installed in the guest room to meet the present requirement of the guest.
14. All new hotel projects have achieved 100%LED Lighting for energy conservation.
15. Rain water harvesting is implemented for water conservation and water conservation program is implemented across the group.
16. All the cold equipment spur chased for new upcoming hotels use eco-friendly Refrigent Gas.
17. All the hotel room, we are using only energy efficient Absorption system mini bar bar Refrigerators.
18. In all the buffet counters we have replace the fuel usage with energy efficient induction heating.
19. New VFD Driven energy efficient Screw chillers installed, phasing out old chillers which consumes high energy.
20. Conventional Hydropenomatic systems replaced with Latest VFD Driven Hydropenomatic system.

ii) Steps taken by the Company for utilizing alternate sources of energy:

a. Solar System for hot water generation and lighting is implemented at various hotels.
b. In staff cafeterias we are using eco-friendly cooking units with pellets.
c. Solar panels have been installed at appropriate places.

iii) The capital investment in energy conservation equipment: ₹ 20 lakhs.

B. Technology absorption

i) Efforts made towards technology absorption: The Company continues to absorb and upgrade modern technologies and advances hotel management techniques in various guest contact areas

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: The aforesaid energy conservation and technology absorption efforts has considerably reduced the cost

iii) Information regarding imported technology (Imported during the last three years): The Company has not imported any technology during the last three years.

iv) Expenditure incurred on research and development: Nil

C. Foreign Exchange Earnings and Outgo

During the year under review, your Company earned Foreign Exchange Revenue of ₹ 958.04 lakhs (Previous Year ₹ 1,044.58 lakhs) and the Foreign Exchange outgo on account of commission and others is ₹ 104.66 lakhs (Previous year ₹ 31.76 lakhs).

Boards' Report *(continued)*

ANNEXURE – VI

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[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 Orchid Hotels Limited,
Bengaluru

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder and the applicable provisions of Companies Act, 1956.

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 (Share Based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008;

   f) 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;

   g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations 2015.

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 also on the aforesaid internal compliance certificates, we are of the opinion that the Company has generally complied with the Deposit of Provident Fund, Employee State Insurance, Employee Deposit Linked Insurance and other employee related statutory dues and 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 Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

I have also examined compliance with the applicable clauses of the Regulations ofSecurities and Exchange Board of India (Listing Obligations andDisclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent and Women 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 was given to all Directors to schedule the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

The decisions at the Board and Committee meetings were carried with requisite majority/taken unanimously and the related discussions were duly recorded in the minutes.

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 : 02.07.2018

This report is to be read with our letter of even date (Part II)of the Annexure and forms an integral part of this report.

ANNEXURE A

To,
The Members
Royal Orchid Hotels Limited,
Bengaluru

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

1. The maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I 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. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance 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 : 02.07.2018

Boards' Report *(continued)*

Corporate Social Responsibility (CSR) **ANNEXURE – VII**

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

Brief outline of the Company's CSR Policy, Including overview of projects / programmes undertaken in terms of section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, the details of Corporate Social Responsibility (CSR) expenditure incurred by the Company for the FY 2017-18 are provided herein below :

<table>
<tr><td>1</td><td>A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs</td><td>The Company has adopted a CSR policy for carrying out activities given in Schedule VII of the Companies Act 2013. The CSR Policy is available at the website of the Company at the following link http://www.royalorchidhotels.com/investors.During the financial year 2017-18 the Company has contributed towards CSR thorough various Trusts i.e. Nightingale; Friend-in-need society, Abhaya Ashrama and Presidency College Trust which are working in the field of Education , Serving Senior citizens, promoting Education ; Environmental Sustainability and Rural development</td></tr>
<tr><td>2.</td><td>The Composition of the CSR Committee.:</td><td><table><tr><th>Name of the Member</th><th>Position in the Board</th><th>Position in the Committee</th></tr><tr><td>Ms. Lilian Jessie Paul</td><td>Non-Executive Independent Director</td><td>Chairperson</td></tr><tr><td>Mr. Chander K. Baljee</td><td>Managing Director</td><td>Member</td></tr><tr><td>Mr. Sunil Sikka</td><td>Non-Executive Director</td><td>Member</td></tr></table></td></tr>
<tr><td>3</td><td>Average net profit of the company for last three financial years</td><td>₹ 880.15 lakhs.</td></tr>
<tr><td>4.</td><td>Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)</td><td>₹ 17.60 lakhs.</td></tr>
<tr><td>5.</td><td>Details of CSR spent during the financial year.</td><td>₹ 21.13 lakhs (total of a+b)</td></tr>
<tr><td>(a)</td><td>Total amount to be spent for the financial year</td><td>₹ 21.13 lakhs</td></tr>
<tr><td>(b)</td><td>Amount unspent, if any</td><td>Nil</td></tr>
</table>

(c) Manner in which the amount spent during the financial year is detailed below.

(₹ in Lakhs)

S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
1	Food for students of Presidency College of Hotel Management	Education	Local area	9.36	9.36	9.36	Direct
2	Every Saturday food for 150 dementia patients at Nightingale Trust	Eradication of hunger, poverty and malnutrition	Local area	6.51	6.51	6.51	Direct
3	Every Sunday food for 100 old aged people given to Friend-in-need society	Eradication of hunger, poverty and malnutrition	Local area	0.43	0.43	0.43	Direct
4	Every Sunday food for 100 orphans given to Abhaya Ashrama	Eradication of hunger, poverty and malnutrition	Local area	1.83	1.83	1.83	Direct
5	Donation to Girija Shastry Memorial Trust	Eradication of hunger, poverty and malnutrition promoting education, ensuring environmental sustainability and rural development	Local area	3.00	3.00	3.00	Implementing Agency i.e. Trust
	TOTAL			**21.13**	**21.13**	**21.13**	

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Chander K. Baljee
Managing Director
(DIN: 00081844)

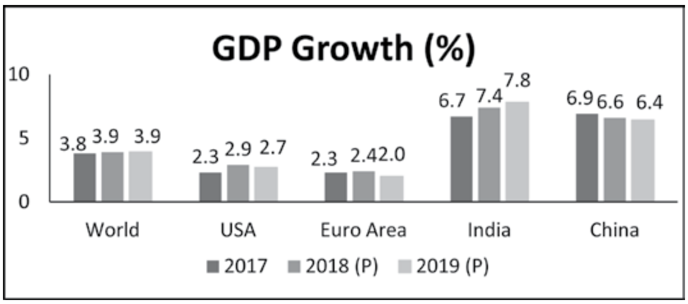
Lilian Jessie Paul
Chairperson
CSR Committee
(DIN: 02864506)

Management Discussion and Analysis

ECONOMIC OVERVIEW:

Global Economic growth strengthened in 2017 to 3.8 percent, much better than 3.1 percent reported in 2016. Investment recovery in advanced economies, continued strong growth in emerging Asia and a notable upswing in emerging Europe are key factors that propelled growth of global economy in 2017. Going forward, the Global Economic growth is expected to be constant at 3.9 percent in 2018 and 2019 supported by favourable market sentiment, accommodative financial conditions and domestic as well as international repercussions of expansionary fiscal policy in the United States.

As per IMF report "World Economic Outlook 2018" China and India were the fastest growing economies in 2017 with 6.9 percent and 6.7 percent growth reported respectively. India's economy is projected to overtake China in 2018 with a growth of 7.4 % followed by 7.8 % growth in 2019, much ahead of China's economic growth which is projected to grow by 6.6 % in 2018 and 6.4 % in 2019. India's growth will be driven by structural reforms that are expected to raise productivity and incentivise private investments. The coming year will see benefit from demonetisation and GST.



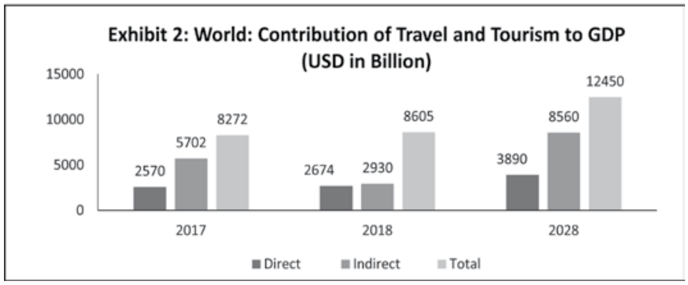
Source: World Economic Outlook 2018 by IMF

The recently introduced Insolvency and Bankruptcy Code 2016 (IBC) and subsequent amendments to the IBC code shall not only facilitate towards cleaning banks' balance sheet by improving credit quality but shall also take care of corporate debt issue which has been a concern for India's overall growth story.

Global Tourism Sector:

2017 was one of the strongest years for GDP growth in a decade, with robust consumer spending worldwide. This strong global GDP growth helped the Travel & Tourism sector grow by 4.6% outpacing the global economy for the seventh successive year. In recent years, Asia has been a major contributor to the growth of travel and tourism sector.

The total contribution of Travel and Tourism to World GDP was 10.4% in 2017 and the contribution is projected to grow to 10.5% in 2018.



Source: Travel and Tourism Economic Impact Report 2018 by WTTC

Enhanced per capita income clubbed with intervention of disruptive technology namely SMAC (Social, Mobility, Analytics and Cloud) and Internet of Things (IOT) and affordable air ticket prices have revolutionised customer engagement structure within the Travel and Tourism industry. Advancement in Technology and Transportation has also facilitated domestic and overseas travelling. It has resulted in individuals exploring new destinations within their country and abroad.

Indian Tourism & Hospitality Industry:

India holds a unique position in the global economy showcasing consistent GDP performance over the years. India's consistent growth performance is projected to sustain in the coming years (2018 and 2019). India's diverse talent pool, vibrant large middle class population and robust infrastructure growth has not only facilitated GDP growth but has also led to increase in the per capita income. Government's initiatives namely Make in India, Skill India, Startup India, Digital India etc has created much needed infrastructure to attract investment and spur employment growth in the country. The overall growth has resulted into following key factor making India an attractive destination for Hotel industry.

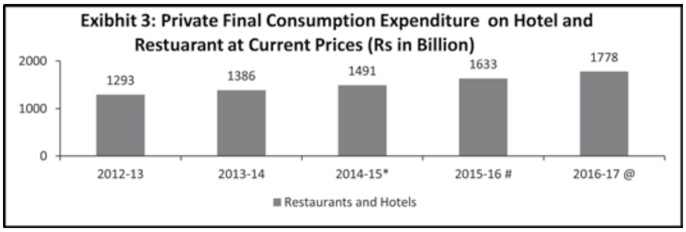
[1] Individual Per Capita Income:

The impact of economic growth over the decades has enhanced individual's per capita income in India. According to official data India's per capita income grew by 8.6% to ₹ 1, 12,835 for the fiscal year ended March 2018

[2] Private Consumption on Hotel and Restaurant:

Enhanced per capita income has realised into larger disposable income in hand of individuals. As per First Revised Estimates of National Income, Consumption, Expenditure, Savings and Capital Formation for 2016-17 released by CSO, expenditure of Restaurants and Hotels has been contributing 2% to total Private Final Consumption Expenditure each year from 2014-15 to 2016-17. (Exibhit 3).

Management Discussion and Analysis *(continued)*

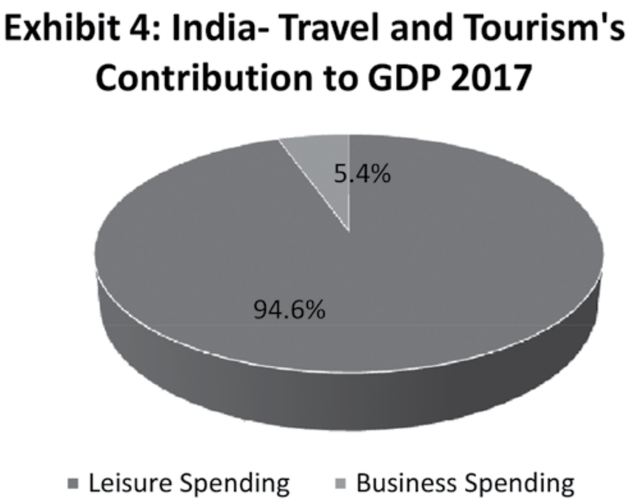


*Third Revised Estimates; #: Second Revised Estimates; @: First Revised

[3] Diversity and Technological Intervention:

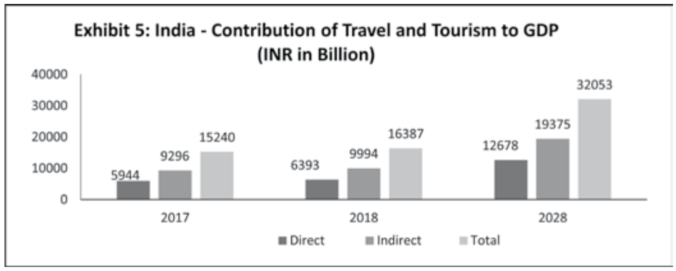
India's diverse multicultural, rich history, beautiful landscape and breathtaking monuments make it amongst the most popular travel destination for foreign and domestic travellers alike. In addition, India's ancient religious history has provided the thrust to Travel and Tourism from domestic travellers. The advent of smart phones and social media intervention has all contributed to the growth of Travel and Tourism in India. It has also swing demand – supply scenario in favour of hotel industry in India. As a result, Total Contribution of Travel and Tourism to India's GDP in 2017 was 9.4% and Total Contribution of Travel and Tourism is projected to be 9.4 % of India's GDP in 2018.

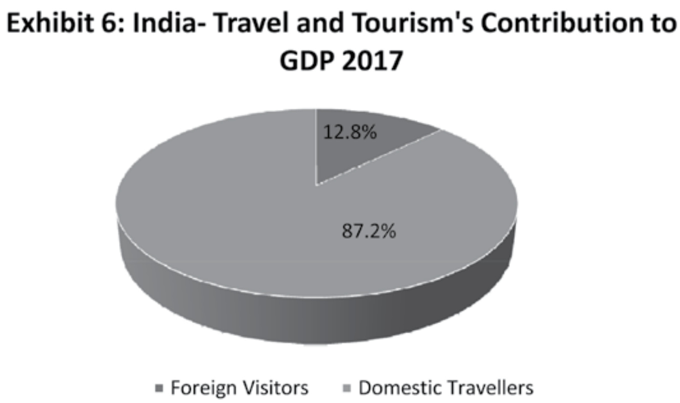
Indians interest in destination wedding and travelling at exotic location (both within country and abroad) has been gaining popularity each year. Amongst the major factors that has influenced domestic travelling has been increasing per capita income and cheaper transportation cost. India's Demographic structure has also evolved from nuclear families to single family system where women too have been joined as an earning member. Working couples in single family has drastically reduced quality time spent with family. Hence traditional travel practices of visiting native places or travelling to religious places has been evolved



with addition of travelling towards exotic location resulting into increase into domestic travelling spending each year.

Travel and tourism has become a major foreign exchange contributor for the country. In 2017, India generated ₹ 1,777.1 Billion from visitor exports. In 2018, visitor's export is expected to grow by 8.8%, attracting 1,86,55,000 international tourist arrivals as per Travel and Tourism Economic Impact Report 2018 by World Travel and Tourism Council. Improved infrastructures specifically transport and Hotel along with India's unique tourist destination has been attracting foreign tourist arrival in India.





Source: Travel and Tourism Economic Impact Report 2018 by WTTC

According to data released by Ministry of Tourism, during the period January-April 2018, Foreign tourist arrival in India registered a growth of 10.8% to 38,76,021 as compared to 34,98,969 in January-April 2017. Tourist arrived on e-Tourist Visa registered a robust growth of 57.9 % totalling to 9,18,792 during the same period compared to 5,81,783 during January-April 2017. The total Foreign Exchange Earnings (FEE) through tourism as a result grew by 15.5 % during the period January – March 2018 amounting to ₹ 52,916 Crore compare to ₹ 45,819 Crore in January -March 2017. The growth in FEE during the period January – March 2018 over January – March 2017 was much better than 13.6 % growth reported over January – March 2016.

Realising the importance of the Hotels towards sustaining healthy growth in Travel and Tourism, Ministry of Tourism has streamline the process of hotel classification restricting completion time limit to three months (90 days) and has announced several policy initiative supporting tourism in the country during the year. In order to augment supply of hotel accommodation for budget tourist, both domestic and foreign, the Ministry of Tourism under a voluntary scheme has approved Home stays /Bed & Breakfast establishments and Guest Houses as per guidelines to provide standardized services and facilities which primarily cater to the budget tourists wherein the basic idea is to provide a clean and affordable place for foreign and domestic tourists alike. Further, the guidelines of the Ministry of Tourism for approval/classification/ re-classification of operational hotels under the voluntary scheme hotels has stipulated hotels of 1, 2, 3 and 4 star categories and Heritage (Basic) category to avail subsidy/tax benefits /other benefits from the Central/State Government. The same will be subject to lock-in- period of 8 years so that these hotels continue to serve as budget category hotels.

Incredible India 2.0

The Ministry of Tourism has launched the Incredible India 2.0 campaign, during the financial year 2017-18 to promote various destinations and tourism products of the country including spiritual, medical and wellness tourism in important and potential source markets overseas. The Incredible India 2.0 campaign aims at a shift from generic promotions undertaken across the world to market specific promotional plans and content creation with thematic creative on different niche products including spiritual, medical and wellness tourism.

Swadeshi Darshan Scheme:

Theme based circuits are being developed under the Swadesh Darshan Scheme spanning entire country. A total number of 11 projects have been sanctioned during 2017-18 for a total amount of ₹ 824.80 Crore. With this Ministry of Tourism has sanctioned total 67 projects till date under this scheme for an annual amount of ₹ 5648.71 Crore.

Heritage Tourism:

The Ministry of Tourism has launched the 'Swadesh Darshan Scheme' for integrated development of theme based tourist circuits. Further the 'National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive' (PRASHAD) Scheme were launched to beautify and improve amenities and infrastructure at pilgrimage sites catering to religious, mass and niche tourism in a holistic manner. Under the scheme, a total of 21 projects have been sanctioned till date for an amount of ₹ 587.29 Crore by Ministry of Tourism. The Government under Budget 2018-19, has allotted ₹ 1,250 crore (US$193.08 million) for Integrated development of tourist circuits under Swadesh Darshan and Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD).

Cruise Tourism:

The Ministry of Tourism has recognised Cruise Tourism, as a 'Niche' tourism product in order to promote India as a 365 days' destination and attract tourists with specific interest. The steps taken to promote Cruise Tourism include developing appropriate infrastructure at ports for handling cruise vessels and facilitating ease of movement of passengers.

Medical Tourism:

Ministry of Tourism has recognised Medical and Wellness Tourism as Niche Tourism Products for promotion. Medical and Medical attendant visa has been introduced to ease the travel process of Medical Tourists. The e-tourist visa regime has been expanded to include medical visits as well. It has also been decided to set up facilitation counters at the major airports of Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru for tourists arriving on Medical Visas. A National Medical and Wellness Tourism Board has been constituted to provide a dedicated institutional framework to take forward the cause of promotion of Medical and Wellness Tourism including Ayurveda and any other format of Indian system of medicine covered by Ayurveda, Yoga, Unani, Siddha and Homeopathy (AYUSH).

OUTLOOK:

Expanding middle class, rising disposable income and changing aspirations has made India's mid-market/economy segments key growth driver for Hotel Industry. Other than the opportunity in mid-market / economy segment, competitive landscape of Hotel industry today has highly impacted by inclusion of disruptive technology namely Social, Analytics (data), Mobility and Cloud (SMAC). Technology has also brought in new players in the industry namely online aggregators (OYO, Makemytrip, Trivago etc) and has intensified competition each day for the hoteliers. Influencers today has been expanded from limited reference points (family, friend circle etc) to researched based travel content. Indian Hoteliers has therefore been compelled to transit towards asset light model by revamping ownership based revenue model to mix of owned and managed revenue model inorder to sustain competition. Hoteliers have been aggressively liquidating non-performing assets to be utilised towards either acquiring prospective

Management Discussion and Analysis *(continued)*

assets or strengthening their balance sheet by repaying existing debt.

Overall Hotel Industry in India is on a strong growth trajectory driven by Travel and Tourism going forward. Government of India has set a target of 20 million foreign tourist arrivals (FTAs) by 2020 and has double the foreign exchange earnings as well. The Government of India is working to achieve 1 % share in world's international tourist arrivals by 2020 and 2 % share by 2025.

Risk and Concern Factor:

(1) **Land Availability and Cost Issues**

The process of identifying new land parcels as per the requirement for hotels is a tedious task in India. This is a major hurdle in expansion for Hotel sector. Hotel Industry currently struggle to avail subsidies and long-term funding as proposal to provide Industry status for Hotel industry is yet to get cabinet clearance to form a law.

(2) **Tax Structure**

As per the new tax structure, hotels and lodges with tariffs below ₹ 1000 a day are exempted from the tax, while those with room rates of between ₹ 1000-2500 are taxed at 12%. Those with tariffs of ₹ 2500-7500 attract 18% tax and a 28% tax slab is applicable for hotels with tariffs above ₹ 7500. Tax rate of 12%-18% is considered much higher than the global tax rate of 10%.

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, the Company has an in house Audit Team head by Mr. Asokka Gandhi, Internal Auditor which conducts Internal Audit. 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.

Discussion on Financial Performance with respect to Operational Performance

The standalone Financial Performance of the Company is as follows:

Particulars (₹ in lakhs)	FY18	FY17	*Y-o-Y %*
Income from Operations	10,359.02	9,272.53	12%
Other Income	598.99	909.65	-34%
Total Income	**10,958.01**	**10,182.18**	**8%**
Cost of Material Consumed	1,056.07	1,178.36	-10%
Employee Benefits Expense	2,115.67	1,937.65	9%
Rent Expense	1,002.40	996.62	1%
Power and Fuel Expenses	1,156.70	1,027.69	13%
Other Expenses	3,116.02	3,014.86	3%
Total Expense	**8,446.86**	**8,155.18**	**4%**
EBITDA	**2,511.15**	**2,027.00**	**24%**
EBITDA Margin (%)	23%	20%	15%
Depreciation	438.51	447.80	-2%
EBIT	**2,072.64**	**1,579.20**	**31%**
Finance Cost	524.11	605.81	-13%
PBT	**1,548.53**	**973.39**	**59%**
Tax	450.90	397.59	13%
Net Profit	**1,097.63**	**575.80**	**91%**
Other Comprehensive Income/ (Loss)	(0.06)	(12.42)	-100%
Total Comprehensive Income	**1,097.57**	**563.38**	**95%**
Net Profit Margin (%)	10%	6%	81%
EPS	***4.03***	***2.07***	***95%***

The Consolidated Financial Performance of the company is as follows:

Particulars (₹ in lakhs)	FY18	FY17	*Y-o-Y %*
Income from Operations	19,090.35	17,487.22	9%
Other Income	893.16	1,276.16	-30%
Total Income	**19,983.51**	**18,763.38**	**7%**
Cost of Material Consumed	2,026.85	2,147.82	-6%
Employee Benefits Expense	4,668.43	4,434.46	5%
Rent Expense	1,363.73	1,497.92	-9%
Power and Fuel Expenses	1,684.64	1,718.90	-2%
Other Expenses	6,266.18	5,793.88	8%
Total Expense	**16,009.83**	**15,592.98**	**3%**
EBITDA	**3,973.68**	**3,170.40**	**25%**
EBITDA Margin (%)	20%	17%	18%
Depreciation	1,581.79	1,612.31	-2%
EBIT	**2,391.89**	**1,558.09**	**54%**
Finance Cost	1,469.42	1,546.83	-5%

Management Discussion and Analysis *(continued)*

Particulars (₹ in lakhs)	FY18	FY17	*Y-o-Y %*
PBT	**922.47**	**11.26**	**8084%**
Tax	681.25	466.85	46%
Net Profit	**241.22**	**(455.59)**	**-153%**
Other Comprehensive Income/(Loss)	4.73	1.62	193%
Total Comprehensive Income	**245.95**	**(453.97)**	**-154%**
Non-Controlling Interest	(93.07)	(110.32)	-16%
Total Comprehensive Income attributable to owners	**339.02**	**(343.65)**	**-199%**
Net Profit Margin (%)	2%	-2%	-193%

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. Royal Orchid Group has presence in **34** cities in **11** states with **3,294** Rooms and over **1.74** Lakh Royal reward members. Most of the hotels in the group are present in Metro cities. ROHL has demonstrated the scalability of keys by establishing its presence in Tier I & Tier II cities. ROHL will continue to bring Luxury rooms at lower rates across country.

The total number of rooms of the group has increased as detailed below:

Adding No of Keys	FY17	FY18
Management Contracts	2,112	2,317
Joint ventures	396	396
Owned (Domestic)	195	195
Leased	456	386
Total Keys	**3,159**	**3,294**

The main sources of revenues of the Company are from sale of room nights, sale of food and beverages, other operating services and revenue from hotel management and consultancy services which are given in detail in Note no 28 of the Notes to Accounts.

Development in Human Resources and Industrial Relations

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 multi-skilled 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. The Human Resource Team carried out the following programs across the group during the year:

1. Online Hospitality Training Program
2. Food Festivals to make staff experience cuisines of multiple types
3. Plantation drive as an environmental awareness initiative.
4. Blood donation camp and staff health checkup camps in collaboration with Rotary Club, Columbia Asia Hospital & Manipal Hospitals
5. Many Employees were recognized and rewarded with financial benefits under service bonus program. It helps in recognizing and rewarding key talent and resulting in quality talent retention

Corporate Governance Report

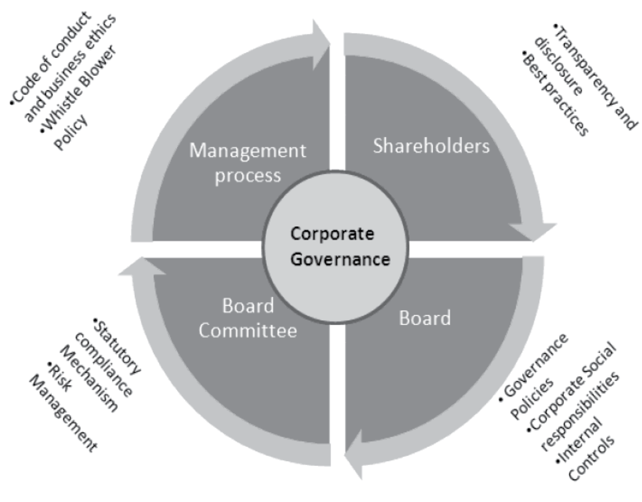
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2018

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, it's Subsidiaries and Joint Venture companies, as a group values and believes in excellence in Corporate Governance as a good corporate citizen and is committed to ethical corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit to its stakeholders and for 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.

Good corporate governance is about maximizing shareholder value on a sustainable basis while ensuring fairness to all stakeholders: customers, vendor-partners, investors, employees, government and society.



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"), 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.

Directorships and Committee Memberships held by Directors in companies other than Royal Orchid Hotels Limited as on 31 March 2018.

Name of the Director	Age (in years)	Position/ Designation /Promoter	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. Chander K. Baljee*	67	Managing Director	00081844	03/01/1986	-	-	-
Mr. Sunil Sikka*	59	Non- Executive Director	00083032	30/09/2000	-	-	-
Mrs. Sunita Baljee*	63	Non-Executive Director	00080737	01/04/2015	-	-	-
Mr. Vijay Rekhi[1]	72	Non-executive and Independent Director	00191298	06/07/2011	NA	NA	NA
Dr. Vivek Mansingh	62	Non-executive and Independent Director	06903079	12/08/2016	1	-	-
Mr. Naveen Jain	59	Non-executive and Independent Director	00051183	25/10/2016	2	-	2
Ms. Lilian Jessie Paul[2].	48	Non-executive and Independent Director	02864506	02/11/2017	2	-	-

* Promoter of the Company

1. Mr. Vijay Rekhi tenure was completed on 01.10.2017
2. Ms. Lilian Jessie Paul was appointed as Additional Director (Independent) w.e.f. 02.11.2017

2. 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 but does not include subsidiaries of public companies. The limits on directorships of Independent Directors and Executive Directors are within the permissible limits.

3. 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.

4. As on April 01, 2018, 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.

5. The Company has issued a formal letter of appointment to its Independent Directors and the said Letter published on the website of the Company. The maximum tenure of Independent Directors is in accordance with the Companies Act, 2013 and the LODR.

6. Ms. Lilian Jessie Paul (DIN: 02864506), who was appointed as Additional Director on the Board w.e.f 02.11.2017, is now proposed to be appointed as Independent Director for a term of 3 (three) Years, in the ensuing Annual General Meeting her brief profile is disclosed in the Annexure to Notice calling 32nd Annual General Meeting of the Company.

7. Mr. Sunil Sikka (DIN: 00080737), 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 32nd Annual General Meeting of the Company.

8. Except Mrs. Sunita Baljee & Mr. Sunil Sikka, Directors of the Company, who are relatives of Mr. Chander K. Baljee, Managing Director of the Company, none of the Directors on Board are related to each other.

9 **Meetings of the Board and Attendance thereat**

Scheduling of Board meetings and agenda fixation

a) The schedule of Board Meetings is communicated to all the Directors in advance, to enable them to schedule their effective participation during Board Meetings.

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 29.05.2017; 10.08.2017; 02.11.2017 and 01.02.2018 and the gap between two meetings did not exceed 120 days.

Corporate Governance Report *(continued)*

d) The Annual General Meeting for the Financial Year 2016 - 2017 was held on September 27, 2017.

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. Chander K. Baljee	4	4	Yes
Mr. Sunil Sikka	4	3	Yes
Mr. Vijay K. Rekhi [1]	4	2	Yes
Mrs. Sunita Baljee	4	4	Yes
Dr. Vivek Mansingh	4	3	No
Mr. Naveen Jain	4	4	Yes
Ms. Lilian Jessie Paul[2]	4	2	NA

1. Mr. Vijay K. Rekhi tenure was completed on 01.10.2017
2. Ms. Lilian Jessie Paul was appointed as Additional Director (Independent) w.e.f. 02.11.2017

e) **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.

f) **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, 2018

Name of the Director	Designation	No. of Equity Shares held by the Directors	Percentage of holding (%)
Mr. Chander K. Baljee	Managing Director	1,20,01,060	43.96
Mr. Sunil Sikka	Non Executive Director	6,975	0.03
Mr. Vijay K. Rekhi[1]	Independent and Non-Executive Director	NA	NA
Mrs. Sunita Baljee	Non-Executive Director	2,26,260	0.83
Dr. Vivek Mansingh	Independent and Non-Executive Director	0	0.00
Mr. Naveen Jain	Independent and Non-Executive Director	0	0.00
Ms. Lilian Jessie Paul[2]	Independent and Non-Executive Director	0	0.00

1. Mr. Vijay K. Rekhi tenure was completed on 01.10.2017
2. Ms. Lilian Jessie Paul was appointed as Additional Director (Independent) w.e.f. 02.11.2017

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.

Corporate Governance Report *(continued)*

2.1.2 Brief Profile of Board of Directors

Mr. Chander 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. Sunil Sikka

Mr Sunil Sikka is Managing Partner of Houzz N Dezins a leading Floor covering sourcing solutions provider. Mr. Sikka was one of the first to open a warehouse and distribution center in USA to market directly Floor Covering and Handicrafts from India and lived and gained experience for five years in early 80s on a L1 visa prior to returning to India. Mr. Sikka has won awards for development of Modern and Transitional Designs of Carpets at International Forums like Domotex, and is a regular speaker in Export Promotion forums like CEPC, EPCH and UPEPC . He is known for his passion for development of new Designs and textures in fashion colors for the Industry.

Mrs. Sunita Baljee

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

Dr. Vivek Mansingh

Dr. Vivek Mansigh is a Gold Medalist engineer from NIT Allahabad (1978). Also PhD from the Queen's University, Kingston, Canada in 1986 and completed an Executive Business Management Program with the Stanford University in 1996. Dr. Vivek Mansingh is the General Partner of Your Nest Angel Fund, Chairman of the Board of Axis Cades Engineering Technologies Limited and is also a member of the Board and engaged Angel Investor of Innovatia, Janaagraha, EnCloudEn, Arthayantra, Golflan, Wolken Software, Teamtoq, Smartbuildings and KlickH.

Mr. Naveen Jain

Mr. Naveen Jain is a fellow member of Institute of Chartered Accountants of India As a Hospitality professional with over 35 years of experience, Mr. Jain has held several leadership positions across various functions with leading hotel companies. Mr. Jain is currently Managing Director of Nouvelle Knowledge Services and is member on the Board within Hospitality, Food & Beverage, Retail and Service Organizations. He is also Angel & Strategic advisor to new startups in the service industry. Prior to this, Mr. Jain headed Duet India Hotels, a private equity funded hotel group that invests in Indian Hospitality industry, as the President of the company. Prior to joining Duet, Mr. Jain worked with leading hotel companies namely the Oberois and the Leela Hotels leading several functions. Mr. Jain has been invited as a speaker at various national and international hospitality forums, and is a part of several industry associations, initiatives and government forums on hospitality & tourism.

Ms. Lilian Jessie Paul

Ms. Jessie Paul has over two decades of experience as a marketer. She was Global Brand Manager of Infosys, headed marketing for iGATE (now a part of Capgemini) and was Chief Marketing Officer of Wipro Technologies. She commenced her career with Ogilvy & Mather Advertising. In 2010, Jessie Paul founded Paul Writer a marketing advisory firm that works with clients to build profitable conversations amongst customers and prospects. Jessie is an independent director on the board of SQS India BFSI Ltd (SQSI: IN) She holds an MBA from Indian Institute of Management, Calcutta, and a bachelor's degree in computer science and engineering from National Institute of Technology, Trichy.

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.

As on 31 March 2018, the Board has following four Statutory 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.

Corporate Governance Report *(continued)*

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.

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:**

In accordance with Section 177 of the Companies Act, 2013 and Regulation 19 of LODR, as on 31 March 2018, 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.

Corporate Governance Report *(continued)*

Details of the Members of Audit Committee are given below:

Name of the Member	Position in the Board	Position in the Committee
Mr. Naveen Jain	Non-Executive Independent Director	Chairman
Dr. Vivek Mansingh	Non-Executive Independent Director	Member
Ms. Lilian Jessie Paul[1]	Non-Executive Independent Director	Member

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

Mr. Vijay Rekhi ceased to be a member of the committee consequent to his completed tenure as a Director of the Company on 01.10.2017.

1. Ms. Lilian Jessie Paul was appointed as Member w.e.f. 02.11.2017

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

During the financial year 2017-18, the Audit Committee has met 4 times, i.e., 29.05.2017, 10.08.2017, 02.11.2017 and 01.02.2018 and attendance of the members is given below:

Name	Audit Committee Meetings	
	Held	Attended
Mr. Vijay K. Rekhi[1]	4	2
Mr. Vivek Mansingh	4	3
Mr. Naveen Jain	4	4
Ms. Lilian Jessie Paul[2]	4	2

1. Mr. Vijay Rekhi ceased to be a member of the committee w.e.f. 01.10.2017, consequent to his completed tenure as a Director of the Company.
2. Ms. Lilian Jessie Paul was appointed as a Member w.e. f. 02.11.2017

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, benefits, perquisites and allowances (fixed component) and performance incentives, commission (variable component) 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.

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

Corporate Governance Report *(continued)*

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 31 March 2018, 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
Ms. Lilian Jessie Paul[2]	Non-Executive Independent Director	Chairperson
Dr. Vivek Mansingh	Non-Executive Independent Director	Member
Mr. Naveen Jain	Non-Executive Independent Director	Member

1. Mr. Vijay K. Rekhi ceased to be a Member & Chairman of the committee, consequent to his completed tenure as a Director of the Company.
2. Ms. Lilian Jessie Paul was appointed as Chairperson w.e.f. 02.11.2017.

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

During the Financial Year 2017 - 2018, the Nomination and Remuneration Committee has met 2 times, i.e., 10.08.2017 and 02.11.2017 attendance of the members are given below:

Name	Nomination and Remuneration Committee Meetings	
	Held	Attended
Mr. Vijay K. Rekhi[1]	2	1
Dr. Vivek Mansingh	2	1
Mr. Naveen Jain	2	2
Ms. Lilian Jessie Paul[2]	2	1

1. Mr. Vijay K. Rekhi ceased to be a Member & Chairman of the committee, consequent to his completed tenure as a Director of the Company w,e.f. 01.10.2017
2. Ms. Lilian Jessie Paul was appointed as Chairman & Member w.e.f. 02.11.2017

4. **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 and www.royalorchidhotels.com/pdfs/Terms-Independent-Directors.pdf.

Details of remuneration paid to the Directors for the year 2017-2018

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 ₹ 210.03 lakhs to Mr. Chander K. Baljee (DIN: 00081844), Managing Director of the Company, for Financial Year 2017 – 2018 and in accordance with the Central Government approval and the remuneration policy of the Company following are the details of remuneration to the Board:

(₹ In Lakhs)

Sl. No.	Name of Director	Sitting fees (₹)	Salary (₹)	Commission (₹)
1.	Mr. Chander K. Baljee	NIL	210.03	NIL
2.	Mrs. Sunita Baljee	2.10	NIL	NIL
3.	Mr. Sunil Sikka	1.55	NIL	NIL
4.	Mr. Vijay K. Rekhi	2.20	NIL	NIL
5.	Dr. Vivek Mansingh	4.06	NIL	NIL
6.	Mr. Naveen Jain	5.46	NIL	NIL
7.	Ms. Jessie Paul	2.42	NIL	NIL

Note: No stock options have been granted to any of the Directors during the financial year 2017-2018.

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
Dr. Vivek Mansingh	Non-Executive Independent Director	Chairman
Mr. Naveen Jain	Non-Executive Independent Director	Member
Mr. Chander 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 2017-2018, the Stakeholders' Relationship Committee has met 4 times, i.e., 29.05.2017, 10.08.2017, 02.11.2017 and 01.02.2018 and attendance of the members is given below:

Name	Stakeholders Relationship Committee Meetings	
	Held	Attended
Mr. Chander K. Baljee	4	4
Dr. Vivek Mansingh	4	3
Mr. Naveen Jain	4	4

3. Dr. Ranabir Sanyal, Company Secretary & Compliance officer, monitors the share transfer process and reports to the Company's Board in each meeting and the said Officer 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.

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 and the contents of the said website are updated at any given point of time as per the requirements of Companies Act, 2013 and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

The Company has appointed Integrated Enterprises (India) Private 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, 2018, there were no complaints pending to be resolved. Following is the complete status of Investor's Grievances during the Financial Year 2017-2018:

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

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

Corporate Governance Report *(continued)*

and Companies (Corporate Social Responsibility Policies) Rules, 2014 and the extracts of terms of reference of the committee are available at the website of the Company at the following link: http://www.royalorchidhotels.com/investors

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 Company Secretary 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[1]	Non-Executive Independent Director	Chairman
Ms. Lilian Jessie Paul[2]	Non-Executive Independent Director	Chairperson
Mr. Chander K. Baljee	Managing Director	Member
Mr. Sunil Sikka	Non-Executive Director	Member

1. Mr. Vijay K. Rekhi ceased to be a Member & Chairman of the committee, consequent to his completed tenure as a Director of the Company w.e.f. 01.10.2017
2. Ms. Lilian Jessie Paul was appointed as Chairman & Member w.e.f. 02.11.2017

Note: The Company Secretary of the Company is secretary to the Committee.

III. GOVERNANCE THROUGH MANAGEMENT PROCESS

Empowerment and Control:

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

Risk Management

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

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

Environment Initiatives

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 and 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 Boards' Report.

IV. GOVERNANCE TO SHAREHOLDERS

General Body Meetings:

Annual General Meeting for the year 2017 - 2018 is scheduled to be held on Friday, September 28, 2018 AT 05.00 P. 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,.

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 48 hours before the meeting.

Corporate Governance Report *(continued)*

1. **Annual General Meetings**

Financial Year	Date	Time	Venue	Special Resolutions/ important items passed in the Annual General Meeting
2014-15	29.09.2015	11.00 A. M.	Hotel Royal Orchid, No -1, Golf Avenue, Adjoining KGA Golf Course HAL Airport Road, Bengaluru, Karnataka-560 008	Appointment of auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 34th Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s)
2015-16	29.09.2016	10.00 A. M.	Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelhanka, Bangalore – 560065	1. To Re-appointment of Mr. Vijay Rekhi as an Independent Director of the Company for a second term 2. To appoint Dr. Vivek Mansingh as Independent Director of the Company. 3. To authorise Board of Directors for payment of remuneration to Non-executive Directors of the Company.
2016-17	27.09.2017	09.30 A. M.	Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelhanka, Bangalore – 560065	1. To Borrow money exceeding paid up capital and free reserves upto ₹ 150 crore 2. To authorise Grant Loans , make Investment and give Corporate Guarantee on loans taken by subsidiary and Joint Venture Companies upto ₹ 350 Crore 3. To Pay Remuneration to Mr. Chander K. Baljee as Managing Director for the years 2018-20

2. **Extraordinary General Meeting(s)**

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2014-15 2015-16 2016-17	No Extraordinary General Meeting was conducted during last three years			

3. **No Postal Ballot held during the year ended 31 March 2018.**

4. **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.	66	19401278	3	81	100%*
2.	58	184339	4	82	99.69%
3.	64	19401037	5	322	100%*
4.	63	19401270	6	89	100%*
5.	58	19400914	11	445	100%*
6.	58	19400918	11	441	100%*
7.	53	184043	8	368	99.54%

* Rounded off.

The result of the voting through electronic means and through poll was announced on September 29, 2017. 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.

Corporate Governance Report *(continued)*

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	www.royalorchidhotels.com
4	Websites' investor's section	www.royalorchidhotels.com/common/about-ro-investors.asp
5	Whether website also displays official News Releases and the presentations made to Institutional Investors or to the analysts	The official news releases presentations to investors are also displayed on the website of the Company & Stock Exchanges

General Shareholder Information:

1. **Annual General Meeting:**

Date : **September 28, 2018**
Time : 05.00 P.M.
Venue : Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelhanka, Bangalore – 560 065.

2. **Financial Calendar:**

Financial Year:	2017-18
Book Closures Dates:	September 22, 2018 to September 28, 2018 (both days inclusive)
Cut-off date for the purpose of remote E- voting	September 21, 2018
Exchange on which Equity Shares are listed:	**The National Stock Exchange of India Limited** Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051 **The Bombay Stock Exchange Limited** Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai – 400 001

3. **Financial Reporting (held and tentative)**

For the quarter ended 30.06.2018	July 2018
For the quarter ending 30.09.2018	November 2018
For the quarter ending 31.12.2018	February 2019
For the quarter ending 31.03.2019	May 2019

4. Listing fees for the year ending 2017-18 has been paid to both the Stock Exchanges where shares are listed.

5. **Scrip Code:**

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

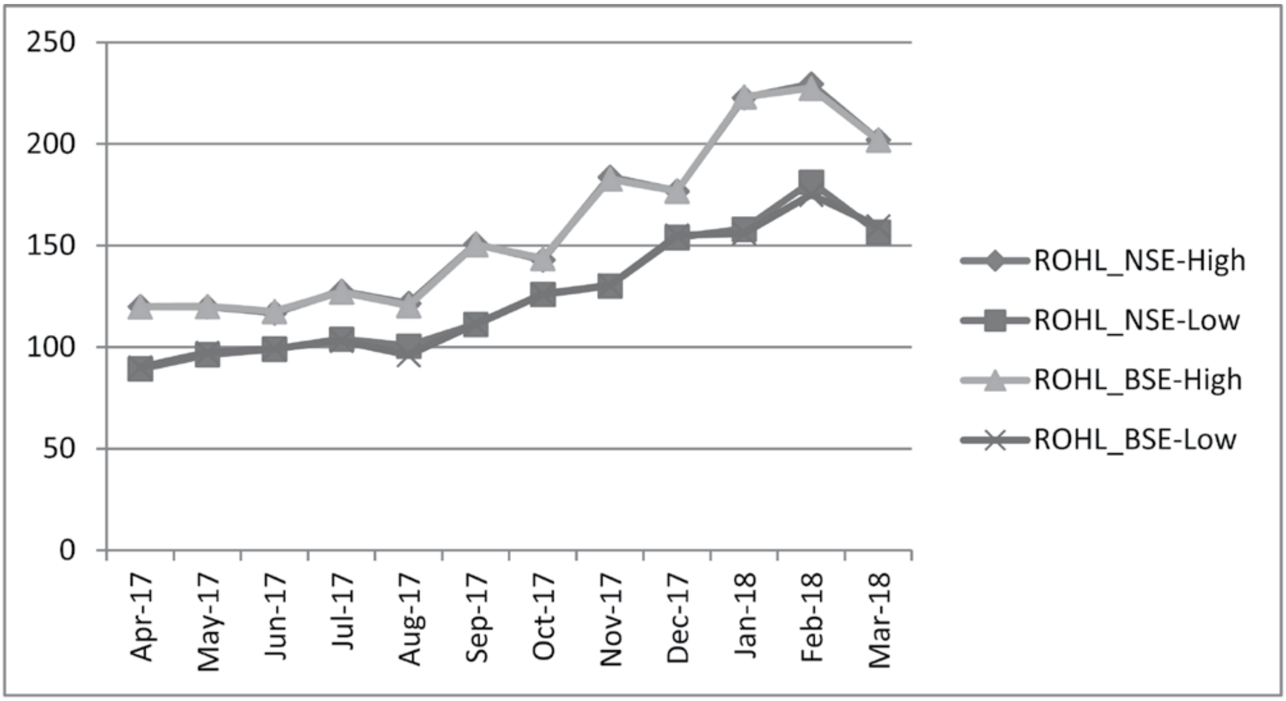
Corporate Governance Report *(continued)*

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 2017 to March 2018.

Month	National Stock Exchange (NSE)		Bombay Stock Exchange (BSE)	
	ROHL_NSE-High	ROHL_NSE-Low	ROHL_BSE-High	ROHL_BSE-Low
Apr-17	119.95	89.35	119.80	90.00
May-17	119.80	96.25	120.00	97.25
Jun-17	116.95	99.00	117.60	99.30
Jul-17	127.55	104.00	127.10	103.10
Aug-17	121.50	100.50	120.50	96.05
Sep-17	150.70	111.20	150.50	111.30
Oct-17	143.00	126.00	143.70	126.05
Nov-17	183.70	130.15	182.75	130.40
Dec-17	176.75	153.95	176.85	155.00
Jan-18	222.70	158.00	223.25	156.05
Feb-18	229.50	181.20	227.40	175.00
Mar-18	202.00	156.50	202.00	159.50

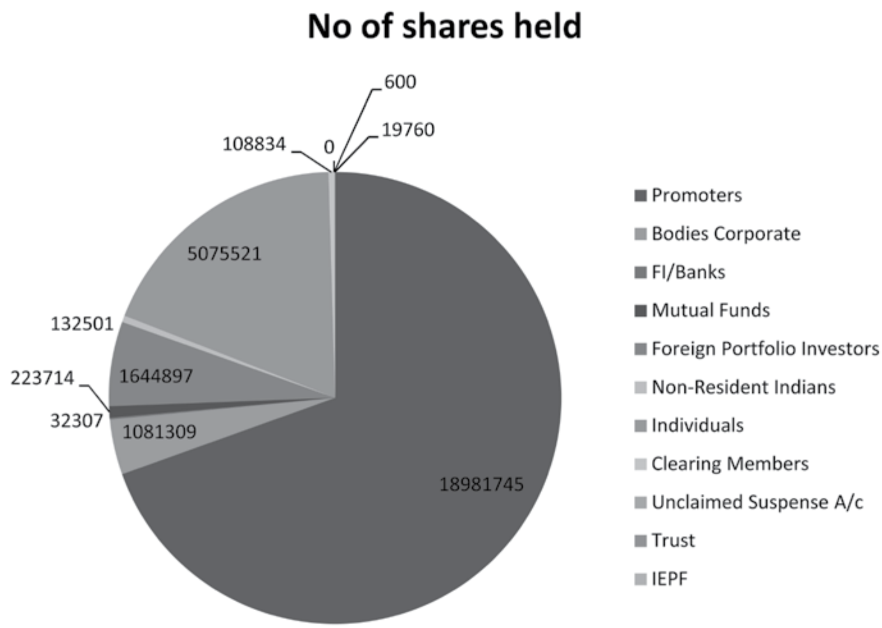
(Source: www.nseindia.com and www.bseindia.com)



Corporate Governance Report *(continued)*

7. **Distribution of Shareholding as on 31 March 2018**

Category	No of shares held	% to Paid up capital
Promoters	1,89,81,745	69.53
Bodies Corporate	10,81,309	3.96
FI/Banks	32,307	0.12
Mutual Funds	2,23,714	0.82
Foreign Portfolio Investors	16,44,897	6.03
Non-Resident Indians	1,32,501	0.49
Individuals	50,75,521	18.59
Clearing Members	1,08,834	0.40
Unclaimed Suspense A/c	0	0
Trust	600	0.00
IEPF	19,760	0.07
TOTAL	**2,73,01,188**	**100.00**



8. **Distribution Schedule as on 31 March 2018**

Category	No. of Members	% of Total	Amount	% of Total
Upto 5000	15,281	98.94	3,06,07,930	11.21
5001 - 10,000	82	0.53	60,85,890	2.23
10,001 - 20,000	35	0.23	50,16,750	1.84
20,001 - 3,000	13	0.08	31,18,110	1.14
30,001 - 40,000	8	0.05	27,24,550	1.00
40,001 - 50,000	2	0.01	9,99,940	0.36
50,001 - 1,00,000	8	0.05	57,86,110	2.12
1,00,001 and above	15	0.10	21,86,72,600	80.10
Total	**15,444**	**100.00**	**27,30,11,880**	**100.00**

Corporate Governance Report *(continued)*

9. **Top ten shareholders of the Company (excluding promoters) as on 31 March 2018**

Sr. No.	Name Of Shareholder	No. of Shares
1.	National Westminster Bank PLC AS Trustee of the Jupiter India Fund	10,08,978
2.	Jupiter South Asia Investment Company Limited - South Asia Access Fund	2,96,558
3.	Rahul Kayan	2,66,279
4.	C Mackertich Private Limited	2,50,000
5.	Rahul Madhusudan Bhangadia	2,50,000
6.	Edelweiss Trusteeship Co Ltd AC- Edelweiss MF AC- Edelweiss MID And SM	2,23,714
7.	Kuber India Fund	2,06,482
8.	Rajesh Kumar Agrawal	1,63,479
9.	Geosphere India Fund	1,20,000
10.	Own Leasing And Finance Pvt Ltd	1,18,374

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 99.80% of the paid-up equity share capital of the Company has been dematerialized as on 31 March 2018.

Description	No. of Shareholders	No. of shares	% of Equity
Physical	57	33,162	0.12
CDSL	4,837	18,21,356	6.67
NSDL	10,550	2,54,46,670	93.21
Total	**15,444**	**2,73,01,188**	**100.00**

11. **Registrar and 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 Registry Management Services Private Ltd.
30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bengaluru – 560 003
Tel No. 080 - 23460815 – 818
Fax No. 080 – 23460819, E-mail ID: alfint@vsnl.com

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

12. **Hotels and Resorts Locations:**

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

13. **Address for Correspondence:**
Dr. Ranabir Sanyal
Company Secretary & Compliance officer
Royal Orchid Hotels Limited
No. 1, Golf Avenue, Adjoining KGA Golf Course,
Bengaluru – 560 008
Tel No. 080 - 41783000 Fax No. 080 - 2520 3366
E-mail ID: cosec@royalorchidhotels.com

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.

   The Company has given a Corporate Guarantee of ₹ 2,000 lakhs to Tourism Finance Corporation of India Ltd (TFCI) for Loan taken by subsidiary Company ICON Hospitality Private Limited.

   There were no other 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.

Corporate Governance Report *(continued)*

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.

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 and www.royalorchidhotels.com/pdfs/Policy-Related-party-transaction.pdf.

6. **Compliance with Regulation 6 of the Listing Obligations and Disclosure Requirements (LODR):**

   In compliance with the provisions of Regulation 6 of LODR, a separate designated e-mail ID, investors@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 40 (9) of the Listing Obligations and Disclosure Requirements (LODR). The Certificate is appended as **Annexure – A.**

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

   Pursuant to 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 Regulation 17 of the LODR. The Certificate is appended as **Annexure – B.**

9. **CEO/CFO Certification:**

   Pursuant to Regulation 33 of the SEBI (LODR) Regulation 2015, 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 17 Indian Subsidiaries and 1 foreign subsidiary as on the year ended 31st March, 2018. One of the Independent Directors of the Company is also on the Board of material Subsidiary i.e. Icon Hospitality Pvt Ltd.

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
2009-10	NIL	NA	NA	NA	NA
2010-11	15%	05.09.2011	12.09.2018	1,45,239	10.10.2018
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
2015-16	NIL	NA	NA	NA	NA
2016-17*	10%	18.02.2017	25.03.2024	97,946	25.03.2024

* Interim Dividend for the financial year 2016-17 declared on 18.02.2017.
Shareholders who have not yet claimed the dividends as mentioned above are requested to contact the Secretarial Department (e-mail ID: cosec@royalorchidhotels.com) at the Registered Office of the Company.

The Company has uploaded on its website the details of unpaid and unclaimed amounts laying with the Company and also the details of shares liable for transfer in the name of IEPF Authority. The aforesaid details are put on the Company's website and can be accessed at: http://www.royalorchidhotels.com/investors. The Company has also uploaded details of shares liable for transfer in the name of IEPF Authority on the website of the Ministry of Corporate. (www.mca.gov.in)

13. The Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations.

14. Notice period of Mr. Chandar K. Baljee is one year.

AUDIT QUALIFICATION
The Company is in the regime of unqualified financial statement.

REPORTING OF INTERNAL AUDITOR
The Company has appointed an Internal Auditor Mr Asokka Gandhi who along with his team conducts the Internal Audit of the Company and reports directly to the Chairman of the Audit committee.

Corporate Governance Report *(continued)*

Annexure – A

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF ROYAL ORCHID HOTELS LIMITED

I have examined the compliance of conditions of Corporate Governance by M/s. Royal Orchid Hotels Limited ("the Company") for the financial year ended March 31, 2018, as stipulated in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ntered into by the said Company with the Stock Exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with conditions of the Corporate Governances. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place : Bengaluru
Date : July 2, 2018

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

Annexure – B

Declaration by the Chander K. Baljee, Managing Director regarding Compliance with Code of Conduct

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 31 March 2018.

Place : Bengaluru
Date : July 2, 2018

Chander K. Baljee
Managing Director
DIN: 00081844

Annexure – C

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification
(Pursuant to Regulation 17(8) and Part B of Schedule II of the 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, 2018 and that to the best of our knowledge and belief:*
   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, a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable 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 accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.*
4. *We have indicated to the auditors and the auditors and the Audit committee*
   i) *There are no significant changes in internal control over financial reporting during the year;*
   ii) *The changes in significant accounting policies arising from the adoption of Indian Accounting Standards have been discussed with the Auditors and have been approved by the Audit Committee.*
   iii) *There are no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the company's internal control system over financial reporting.*

Bengaluru	**Chander K. Baljee**	**Amit Jaiswal**
July 27, 2018	**Managing Director**	**Chief Financial Officer**

Independent Auditor's Report

To the Members of Royal Orchid Hotels Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Royal Orchid Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity 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 Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting 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 issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) 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.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 standalone Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were 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 28, 2018
MP/SS/MSK/2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f)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, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company 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, 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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

Independent Auditor's Report *(continued)*

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, 2018, based on the criteria for internal financial control over financial reporting 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 28, 2018
MP/SS/MSK/2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S 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 property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation 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 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.

Independent Auditor's Report *(continued)*

(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 the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities

(b) 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, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues, which have not been deposited as on March 31, 2018 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 (₹ in lakhs)
Income tax Act,1961	Income Tax	Commissioner of Income Tax- Appeals	Financial year 2008-09	227.46
			Financial year 2010-11	198.74
Customs Act, 1962	Customs duty	Commissioner of Customs Appeals	Financial Year 2006-07	3.33

(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 during the year 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 material 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 the 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 the Order 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-IA 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 28, 2018
MP/SS/MSK/2018

Balance Sheet as at 31 March 2018

	Notes	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	3,426.34	3,812.06	3,482.84
(b) Capital Work in progress	3A	29.45	-	168.58
(c) Financial assets				
(i) Investments	4	16,558.40	17,123.48	16,307.33
(ii) Loans	5	2,204.57	1,460.04	1,625.83
(iii) Other financial assets	6	2,275.17	1,267.88	1,203.09
(d) Deferred tax assets (net)	7	466.11	592.26	777.54
(e) Other non-current assets	8	1,125.72	1,117.92	1,352.78
		26,085.76	**25,373.64**	**24,917.99**
Current assets				
(a) Inventories	9	128.43	117.67	116.52
(b) Financial assets				
(i) Trade receivables	10	1,094.37	966.09	909.28
(ii) Cash and cash equivalents	11	1,402.32	567.47	365.29
(iii) Bank balances other than cash and cash equivalents	12	2.47	156.40	140.68
(iv) Other financial assets	13	76.98	727.11	466.30
(c) Other current assets	14	484.22	343.56	162.52
		3,188.79	**2,878.30**	**2,160.59**
TOTAL ASSETS		**29,274.55**	**28,251.94**	**27,078.58**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	2,730.12	2,723.40	2,723.40
(b) Other equity	16	18,758.52	17,537.55	17,219.49
		21,488.64	**20,260.95**	**19,942.89**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	3, 660.05	3,737.15	3,577.72
(ii) Trade payables	18	113.19	367.52	-
(iii) Other financial liabilities	19	247.16	238.53	-
(b) Provisions	20	190.05	145.84	129.69
(c) Other non-current liabilities	21	173.06	219.74	-
		4,383.51	**4,708.78**	**3,707.41**

Balance Sheet as at 31 March 2018 *(continued)*

	Notes	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	-	-	105.00
(ii) Trade payables	23	2,077.45	1,711.50	1,657.25
(iii) Other financial liabilities	24	556.52	1,038.72	1,083.40
(b) Provisions	25	32.13	26.17	19.68
(c) Current tax liabilities (net)	26	144.70	-	-
(d) Other current liabilities	27	591.60	505.82	562.95
		3,402.40	**3,282.21**	**3,428.28**
TOTAL EQUITY AND LIABILITIES		**29,274.55**	**28,251.94**	**27,078.58**

See accompanying notes to Financial Statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem. No. : F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Statement of Profit and Loss for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
INCOME			
Revenue from operations	28	10,214.02	9,272.53
Other income	29	598.99	909.65
Total revenue		**10,813.01**	**10,182.18**
Expenses			
Food and beverages consumed	30	1,056.07	1,178.36
Employee benefits expense	31	2,115.67	1,937.65
Finance costs	32	524.11	605.81
Depreciation and amortisation	33	438.51	447.80
Other expenses	34	5,275.12	5,039.17
Total expenses		**9,409.48**	**9,208.79**
Profit before exceptional item and tax		**1,403.53**	**973.39**
Exceptional item	51	145.00	-
Profit before tax		**1,548.53**	**973.39**
Tax expense/(benefit)	35		
Current tax		487.00	205.73
Deferred tax charge / (credit)		(36.10)	191.86
		450.90	**397.59**
Profit for the year		**1,097.63**	**575.80**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement (losses)/gains in defined benefit plans		(0.08)	(19.00)
Income tax	35	0.02	6.58
		(0.06)	**(12.42)**
Other comprehensive income, net of tax		**(0.06)**	**(12.42)**
Total comprehensive income for the period		**1,097.57**	**563.38**
Earnings per equity share of ₹ 10 each	36		
Basic		4.03	2.07
Diluted		4.00	2.06

See accompanying notes to Financial Statements.
In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem. No. : F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity share capital

Equity shares of ₹ 10 each, fully paid-up	Equity shares Number	Equity shares Amount (₹ in lakhs)
As at 1 April 2016	27,233,965	2,723.40
Add: Issued and subscribed during the year	-	-
As at 31 March 2017	**27,233,965**	**2,723.40**
Add: Issued and subscribed during the year	67,223	6.72
As at 31 March 2018	**27,301,188**	**2,730.12**

B. Other equity

For the year ended 31 March 2018 (₹ in lakhs)

	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Securities Premium Account	Share based payments Reserve	Retained Earnings	General Reserve	Defined Benefit Obligations Remeasurement	
Balance as at 31 March 2017	**11,306.84**	**82.46**	**5,112.51**	**1,015.94**	**19.80**	**17,537.55**
Profit for the year	-	-	1,097.63	-	-	1,097.63
Other comprehensive income/(loss), net of tax	-	-	-	-	(0.06)	(0.06)
Total Comprehensive Income	**-**	**-**	**1,097.63**	**-**	**(0.06)**	**1,097.57**
Issue of equity shares under ROHL ESOP Scheme	74.82	-	-	-	-	74.82
Recognition of share based payment	-	48.58	-	-	-	48.58
Balance as at 31 March 2018	**11,381.66**	**131.04**	**6,210.14**	**1,015.94**	**19.74**	**18,758.52**

For the year ended 31 March 2017 (₹ in lakhs)

	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Securities Premium Account	Share based payments Reserve	Retained Earnings	General Reserve	Defined Benefit Obligations Remeasurement	
Balance as at 1 April 2016	**11,306.84**	**-**	**4,864.49**	**1,015.94**	**32.22**	**17,219.49**
Profit for the year	-	-	575.80	-	-	575.80
Other comprehensive income/(loss), net of tax	-	-	-	-	(12.42)	(12.42)
Total comprehensive income	**-**	**-**	**575.80**	**-**	**(12.42)**	**563.38**
Interim dividend at ₹ 1 per share	-	-	(272.34)	-	-	(272.34)
Dividend distribution tax on interim dividend	-	-	(55.44)	-	-	(55.44)
Recognition of share based payment	-	82.46	-	-	-	82.46
Balance as at 31 March 2017	**11,306.84**	**82.46**	**5,112.51**	**1,015.94**	**19.80**	**17,537.55**

See accompanying notes to Financial Statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem. No. : F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Cash Flow Statement for the year ended 31 March 2018

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Net profit before tax	**1,548.53**	**973.39**
	Adjustments for:		
	Depreciation and amortisation	438.51	447.80
	Loss on fixed assets sold /written off	12.28	18.32
	Interest expense, net	500.57	602.34
	Interest adjustment on account of present value	23.54	3.47
	Provision for doubtful debts	51.13	24.18
	Unrealised exchange (gain)/loss	(2.15)	129.88
	Share based payments to employees	26.45	28.71
	Interest income	(296.65)	(370.97)
	Dividend income	(194.28)	(100.18)
	Liability no longer required, written back	(25.95)	(287.19)
	Guarantee commission	(52.99)	(59.36)
	Operating profit before working capital changes	**2,028.99**	**1,410.39**
	Changes in working capital:		
	Increase in inventories	(10.76)	(1.15)
	Increase in trade receivables and unbilled revenue	(157.52)	(65.36)
	Increase in other current and non-current assets	(141.93)	(155.46)
	Increase in provisions	50.09	3.64
	Increase in trade payables	137.57	708.95
	Increase/(Decrease) in other current and non-current liabilities	37.56	(114.70)
	Cash generated from operations	**1,944.00**	**1,786.31**
	Direct taxes paid (net)	180.03	215.50
	Net cash generated from operating activities	**1,763.97**	**1,570.81**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(232.75)	(486.96)
	Proceeds from sale of fixed assets	0.87	8.52
	Interest received	39.94	99.57
	Investment in debentures of subsidiary	-	(274.61)
	Amount received towards shares bought back by a subsidiary	41.29	-
	Dividend income	194.28	100.18
	Loans given to subsidiaries	(171.27)	(38.12)
	Loans repaid by subsidiaries	-	76.70
	Change in other bank balances	153.93	(15.72)
	Net cash (used in)/generated from investing activities	**26.29**	**(530.44)**

Cash Flow Statement for the year ended 31 March 2018 *(continued)*

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
C.	**Cash flows from financing activities**		
	Interest paid	(521.61)	(582.30)
	Proceeds from borrowings	18.00	670.52
	Repayment of secured borrowings	(499.14)	(604.73)
	Change in unclaimed dividend account	0.95	(1.74)
	Proceeds from allotment of shares	54.24	-
	Interim dividend paid	-	(272.34)
	Dividend distribution tax on interim dividend	(7.85)	(47.60)
	Net cash used in financing activities	**(955.41)**	**(838.19)**
	Net increase in cash and cash equivalents (A+B+C)	**834.85**	**202.18**
	Cash and cash equivalents at the beginning of the year	**567.47**	**365.29**
	Cash and cash equivalents at the end of the year (Note 11)	**1,402.32**	**567.47**

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem. No. : F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Notes to the financial statements

1 Corporate Information

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.

1A. The current liabilities of the Company exceed its current assets by ₹ 213.61 lakhs as at 31 March 2018. In view of its plans for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, disposing of certain investments, plans to restructure its borrowings etc., the management is confident of further 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.

2 Summary of significant accounting policies

a) Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Upto the year ended 31 March 2017, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the section 133 of the Companies Act, 2013 and the relevant provisions of Companies Act, 2013 ("the Act"), as applicable. These are the Company's first Ind AS standalone financial statements. The date of transition to Ind AS is 1 April 2016. Refer Note 47 on first-time adoption exemptions/exceptions availed by the Company.

b) Basis of preparation and presentation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair valued, such as value in use quantification as per Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

c) Use of estimates

The preparation of the standalone financial statements in conformity with the recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of standalone financial statements and the reported amounts of income and expenditure during the reported year. The Management believes that the estimates used in preparation of the standalone 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. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

c) Use of estimates (cont'd)

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Impairment of investments

The Company reviews its carrying value of investments carried at cost or amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Litigation

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

Income taxes

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss. Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

d) Revenue recognition

Revenue from contracts with customers 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Income from operations

Revenues comprise income from the sale of room nights, food and 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 on services rendered, for which amounts are to be billed in subsequent periods.

Interest income

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

Dividend

Dividend income is recognized when the Company's right to receive the amount is established.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

e) Employee benefits

Employee benefits include provident fund, employee state insurance scheme, labour welfare fund, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Retirement benefit in the form of provident fund and employee state insurance scheme is a defined contribution scheme. The Company is generally liable for specified contributions to a separate entity and has no obligation to pay any further amounts. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plan

Gratuity

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance Sheet date.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Short-term employee benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

f) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is charged to Statement of Profit and Loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013.

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

f) Property, plant and equipment (cont'd)

Asset Category	Useful lives (in years)
Buildings	30
Plant and equipment	15
Furniture and fixtures	8
Vehicles	6
Office equipment	5
Computer equipment	3

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

g) Intangible assets

Intangible assets include cost of acquired software. Intangible assets are initially measured at acquisition cost including directly attributable costs of preparing the asset for its intended use. Intangible assets are amortised over a period of three years.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of 1 April 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

h) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

i) Foreign currency translations

The functional currency of the Company is Indian rupee (₹).

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value denominated in a foreign currency are retranslated at the rates prevailing at the date when the fair value was determined.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

j) Assets taken on lease:

Operating Lease

A Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company is classified as operating lease. Payments made under operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, 1 April 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

k) Inventories

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) Government grants

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the period in which the associated obligations are fulfilled.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

m) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

i) Current tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

m) Income taxes (cont'd)

(ii) Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

p) Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

q) Earnings Per Share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

r) Exceptional items

The Company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying trading performance of the company and provides consistency with the company's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the company. Exceptional items can include, but are not restricted to, gains and losses on the disposal of assets/ investments / operations, impairment charges, exchange gain/ loss on long term borrowings/ assets and changes in fair value of derivative contracts.

s) Share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of operating and managing hotels/ resorts and providing related services, which constitutes its single reportable segment.

u) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Classification

- 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.
- Debt Instruments - The Company classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(a) Financial assets at amortised cost -

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(b) Financial assets at fair value through Other Comprehensive Income (FVOCI) -

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

u) Financial instruments (cont'd)

(c) Financial assets at fair value through profit or loss (FVTPL) -

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

• **Equity Instruments** - The Company subsequently measures all equity investments (other than the investment in subsidiaries, joint ventures and associates which are measured at cost) at fair value. Where the Company has elected to present fair value gains and losses on equity investments in Other Comprehensive Income ("FVOCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

At the date of transition to Ind AS, the Company has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

When the equity investment is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

De-recognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. During the years reported, no hedge relationship was designated.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies (cont'd)

u) Financial instruments (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Impairment of financial assets

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments, requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Company recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

v) Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Company is in process of evaluating the effect of this on the standalone financial statements and expects the impact to be not material.

Ind AS 115- Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

a. Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

b. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach)

   The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its standalone financial statements. The quantitative impact of adoption of Ind AS 115 on the standalone financial statements in the period of initial application is not expected to be material.

Notes to the financial statements *(continued)*

3. Property, plant and equipment

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
Carrying amounts of:			
Land (Freehold)	24.30	24.30	24.30
Leasehold buildings (including improvements)	1,871.84	1,993.91	2,027.83
Plant and equipments	729.90	873.26	890.85
Furniture and fixtures	691.28	808.98	413.81
Vehicles	86.50	81.62	95.53
Office equipments	9.53	13.02	18.39
Computer equipments	12.99	16.97	12.13
	3,426.34	**3,812.06**	**3,482.84**

Cost or deemed cost: **(₹ in lakhs)**

Particulars	Land (Freehold)	Leasehold buildings (including improvements)	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computer equipments	Total
Gross Block								
Balance as at 01 April 2016	**24.30**	**3,307.02**	**2,301.42**	**2,110.06**	**358.64**	**176.58**	**235.83**	**8,513.85**
Additions	-	97.17	143.03	518.73	32.37	1.75	10.81	803.86
Disposals/written off	-	12.57	6.09	-	23.27	0.33	0.33	42.59
Balance as at 31 March 2017	**24.30**	**3,391.62**	**2,438.36**	**2,628.79**	**367.74**	**178.00**	**246.31**	**9,275.12**
Additions	-	2.14	23.93	9.68	19.48	2.34	8.37	65.94
Disposals/written off	-	-	20.43	3.00	-	2.57	4.90	30.90
Balance as at 31 Mar 2018	**24.30**	**3,393.76**	**2,441.86**	**2,635.47**	**387.22**	**177.77**	**249.78**	**9,310.16**
Accumulated depreciation								
Balance as at 01 April 2016	**-**	**1,279.19**	**1,410.57**	**1,696.25**	**263.11**	**158.19**	**223.70**	**5,031.01**
Charge for the year	-	118.52	157.52	123.56	35.11	7.12	5.97	447.80
Disposal/Written off	-	-	2.99	-	12.10	0.33	0.33	15.75
Balance as at 31 March 2017	**-**	**1,397.71**	**1,565.10**	**1,819.81**	**286.12**	**164.98**	**229.34**	**5,463.06**
Charge for the year	-	124.21	158.77	127.38	14.60	5.81	7.74	438.51
Disposal/Written off	-	-	11.91	3.00	-	2.55	0.29	17.75
Balance as at 31 March 2018	**-**	**1,521.92**	**1,711.96**	**1,944.19**	**300.72**	**168.24**	**236.79**	**5,883.82**
Net block								
Balance as at 01 April 2016	**24.30**	**2,027.83**	**890.85**	**413.81**	**95.53**	**18.39**	**12.13**	**3,482.84**
Balance as at 31 March 2017	**24.30**	**1,993.91**	**873.26**	**808.98**	**81.62**	**13.02**	**16.97**	**3,812.06**
Balance as at 31 March 2018	**24.30**	**1,871.84**	**729.90**	**691.28**	**86.50**	**9.53**	**12.99**	**3,426.34**

Note

i. Land (freehold) includes ₹ 24.30 lakhs representing the Company's share of undivided land jointly owned with its subsidiaries viz, Royal Orchid Jaipur Private Limited and Royal Orchid South Private Limited and other entities.

ii. Unless otherwise stated all assets are owned by the Company and none of the assets are given on lease.

iii. Certain Property, plant and equipment are pledged against secured borrowings, the details relating to which have been described in Note 17 pertaining to Borrowings.

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
3A Capital work-in-progress	29.45	-	168.58

Notes to the financial statements *(continued)*

4 Investments

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
Investment carried at cost (unquoted)			
A Equity shares of Subsidiary Companies			
Icon Hospitality Private Limited	2,794.97	2,794.97	2,794.97
(9,70,537 (31 March 2017 – 9,70,537; 01 April 2016 – 9,70,537) equity shares of ₹100 each)			
Royal Orchid Jaipur Private Limited	123.75	165.00	165.00
(12,37,500 (31 March 2017 – 16,50,000; 01 April 2016 – 16,50,000) equity shares of ₹10 each)			
AB Holdings Private Limited	25.00	25.00	25.00
(2,50,000 (31 March 2017 – 2,50,000; 01 April 2016 – 2,50,000) equity shares of ₹10 each)			
Maruti Comforts & Inn Private Limited	1,144.39	1,144.39	1,144.39
(4,07,636 (31 March 2017 – 4,07,636; 01 April 2016 – 4,07,636) equity shares of ₹100 each)			
Multi Hotels Limited	740.60	740.60	740.60
(30 (31 March 2017 – 30; 01 April 2016 – 30) equity shares of Tanzanian Shillings 1,000 each)			
Royal Orchid Maharashtra Private Limited	5.00	5.00	5.00
(5,000 (31 March 2017 – 5000; 01 April 2016 – 5000) equity shares of ₹100 each)			
River Shore Developers Private Limited	4,066.75	2,836.92	2,666.01
(4,77,98,100 (31 March 2017 - 3,55,00,000; (01 April 2016 - 2,66,60,000) equity shares of ₹10 each)			
Cosmos Premises Private Limited	1,700.00	1,700.00	1,700.00
(2,02,381 (31 March 2017 – 2,02,381; 01 April 2016 – 2,02,381) equity shares of ₹10 each)			
Royal Orchid Hyderabad Private Limited	-	-	-
(17,60,200 (31 March 2017 - 17,60,200 ; 01 April 2016 - 17,60,200) equity shares of ₹10 each)			
Royal Orchid South Private Limited	-	-	-
(9,00,000 (31 March 2017 -9,00,000 ; 01 April 2016 -9,00,000) equity shares of ₹ 10 each)			
Royal Orchid Shimla Private Limited	-	-	-
(5,000 (31 March 2017 - 5,000; 01 April 2016 - 5,000) equity shares of ₹ 100 each)			
Royal Orchid Goa Private Limited	-	-	-
(5,000 (31 March 2017 - 5,000; 01 April 2016 - 5,000) equity shares of ₹100 each)			
Royal Orchid Mumbai Private Limited	-	-	-
(50,000 (31 March 2017 - 50,000; 01 April 2016 - 50,000) equity shares of ₹10 each)			
Rajkamal Buildcon Private Limited	528.20	528.20	528.20
(5,000 (31 March 2017 – 5,000; 01 April 2016 – 5,000) equity shares of ₹10 each)			
Ksheer Sagar Buildcon Private Limited	528.20	528.20	528.20
(5,000 (31 March 2017 – 5,000; 01 April 2016 – 5,000) equity shares of ₹10 each)			
J H Builders Private Limited	528.20	528.20	528.20
(5,000 (31 March 2017 – 5,000; 01 April 2016 – 5,000) equity shares of ₹10 each)			
Ksheer Sagar Developers Private Limited	3,527.70	3,527.70	3,527.70
(3,00,00,000 (31 March 2017 – 3,00,00,000; 01 April 2016 – 3,00,00,000) equity shares of ₹10 each)			

Notes to the financial statements *(continued)*

4 Investments (cont'd)

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
B	**Compulsorily Convertible Debentures of Subsidiary Companies***			
	River Shore Developers Private Limited	-	1,229.81	1,016.60
	(Nil (31 March 2017 - 1,22,98,100; 01 April 2016 - 1,01,66,000) 18%, Unsecured, Compulsorily Convertible Debentures of ₹10 each)			
	Icon Hospitality Private Limited	301.49	301.49	-
	(3,01,490 (31 March 2017 - 3,01,490; 01 April 2016 - Nil) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)			
	Maruti Comforts & Inn Private Limited	106.65	106.65	106.65
	(1,06,650 (31 March 2017 - 1,06,650; 01 April 2016 - 1,06,650) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)			
	**entirely equity in nature*			
C	**Deemed investment on account of grant of ESOP to employees of subsidiaries**			
	Royal Orchid Associated Hotels Private Limited	55.88	27.65	-
	Icon Hospitality Private Limited	10.59	5.61	-
	Maruti Comforts & Inn Private Limited	10.88	5.12	-
	Royal Orchid Jaipur Private Limited	2.06	1.25	-
	Ksheer Sagar Developers Private Limited	11.40	6.63	-
	Cosmos Premises Private Limited	12.35	7.48	-
D	**Deemed investment on account of commission on corporate guarantee provided on behalf of subsidiaries**			
	Icon Hospitality Private Limited	115.14	115.14	14.68
	Ksheer Sagar Developers Private Limited	216.95	216.95	0.59
E	**Debenture application money pending allotment**			
	River Shore Developers Private Limited	-	36.43	178.02
	Icon Hospitality Private Limited	-	-	201.49
	Ksheer Sagar Developers Private Limited	-	536.84	433.78
F	**Government securities**			
	National savings certificate	2.25	2.25	2.25
		16,558.40	**17,123.48**	**16,307.33**

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
5	**Loans**			
	(Unsecured, considered good)			
	Loans to Subsidiary Companies at amortised cost (refer note 37 (ii))	2,204.57	1,460.04	1,625.83
		2,204.57	**1,460.04**	**1,625.83**

Notes to the financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
6	**Other financial assets**			
	(Unsecured, considered good)			
	Security deposits			
	for hotel properties	568.95	536.81	511.11
	for others	644.06	644.06	641.74
	Dues from other parties	36.48	87.01	50.24
	Balances with banks held as guarantee	130.00	-	-
	Interest accrued (refer note 37(ii))	813.90	-	-
	Others	81.78	-	-
		2,275.17	**1,267.88**	**1,203.09**
	Unsecured, considered doubtful			
	Security deposit	12.00	12.00	12.00
	Project advances	35.85	35.85	35.85
		47.85	**47.85**	**47.85**
	Less: Provision for doubtful advances/deposits	(47.85)	(47.85)	(47.85)
		-	**-**	**-**
		2,275.17	**1,267.88**	**1,203.09**
7	**Deferred tax assets (net)**			
	Deferred tax assets	568.34	726.52	1,138.56
	Deferred tax liabilities	(102.23)	(134.26)	(361.02)
	Net deferred tax assets/(liabilities)	**466.11**	**592.26**	**777.54**

Significant components of deferred tax asset / (liability) for the year ended 31 March 2018 are as follows : *(₹ in lakhs)*

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT credit utilised	Closing Balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961	(122.34)	20.31	-	-	(102.03)
(ii) Provision for doubtful receivables and advances	80.86	5.25	-	-	86.11
(iii) Re-measurement of defined benefit liability	79.27	7.84	0.02	-	87.13
(iv) Valuation of loan under effective interest rate	(11.92)	11.71	-	-	(0.21)
(v) MAT carry forward	476.42	-	-	(162.27)	314.15
(vi) Measurement of security deposits at fair value	89.97	(9.01)	-	-	80.96
Total	**592.26**	**36.10**	**0.02**	**(162.27)**	**466.11**

Significant components of deferred tax asset / (liability) for the year ended 31 March 2017 are as follows : *(₹ in lakhs)*

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT credit utilised	Closing Balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961	(346.63)	224.29	-	-	(122.34)
(ii) Provision for doubtful receivables and advances	-	80.86	-	-	80.86
(iii) Re-measurement of defined benefit liability	-	72.69	6.58	-	79.27
(iv) Unabsorbed depreciation losses and other timing difference items	676.41	(676.41)	-	-	-
(v) Valuation of loan under effective interest rate	(14.39)	2.47	-	-	(11.92)
(vi) MAT carry forward	375.00	101.42	-	-	476.42
(vii) Measurement of security deposits at fair value	87.15	2.82	-	-	89.97
Total	**777.54**	**(191.86)**	**6.58**	**-**	**592.26**

Notes to the financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
8	**Other non-current assets**			
	Balances with Government authorities (Good and Service Tax/ VAT/Service Tax recoverable)	0.41	53.07	32.19
	Advance tax ,net of provision ₹ 4,829.75 lakhs (as at 31 March 2017: ₹ 4,829.75 lakhs ; as at 01 April 2016: ₹ 4,621.04 lakhs)	574.69	574.69	553.01
	Capital advances	126.74	-	133.90
	Dues from related parties (refer note 37 (ii))	24.95	64.97	174.24
	Unamortized portion of security deposit	398.93	425.19	459.44
		1,125.72	**1,117.92**	**1,352.78**
9	**Inventories**			
	(At lower of cost or net realisable value)			
	Food and beverages	96.24	90.78	78.54
	Stores and spares	32.19	26.89	37.98
		128.43	**117.67**	**116.52**

Note:

a) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 1,056.07 lakhs (for the year ended 31 March 2017: ₹ 1,178.36 lakhs).

b) The mode of valuation of inventories has been stated in note 2 (k).

10	**Trade receivables**			
	Unsecured, considered good	1,094.37	966.09	909.28
	Unsecured, considered doubtful	168.26	196.70	172.52
		1,262.63	**1,162.79**	**1,081.80**
	Less: Allowance for doubtful receivables (expected credit loss allowance)	(168.26)	(196.70)	(172.52)
		1,094.37	**966.09**	**909.28**

Note:

No trade or other receivables are due from directors or other officers of the Company, either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivable are non interest bearing and are generally on terms of 30-90 days from the date of invoice.

11	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts	772.11	553.81	295.18
	- in deposit accounts (with maturity upto 3 months)	614.40	3.64	51.05
	Cash on hand	15.81	10.02	19.06
		1,402.32	**567.47**	**365.29**
12	**Bank balances other than cash and cash equivalents**			
	Balances with banks			
	- in deposit accounts (with maturity more than 3 months but less than 12 months)	-	127.78	94.05
	- in deposit accounts (with maturity more than 12 months)	-	-	0.50
	- in deposit accounts earmarked for margin money for bank guarantee	-	27.13	42.91
	- Unpaid dividend account	2.47	1.49	3.22
		2.47	**156.40**	**140.68**
13	**Other financial assets**			
	Interest accrued on deposits	5.18	1.90	5.73
	Interest accrued (from subsidiaries) (refer note 37(ii))	32.91	621.65	370.99
	Unbilled revenue	26.05	47.95	63.58
	Others	12.84	55.61	26.00
		76.98	**727.11**	**466.30**

Notes to the financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
14	**Other current assets**			
	(Unsecured, considered good)			
	Advances to suppliers	284.68	104.66	42.61
	Advances to employees	32.69	42.45	31.73
	Prepaid expenses	166.85	196.45	88.18
		484.22	**343.56**	**162.52**

		As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs
15	**Share capital**						
	Authorised share capital						
	Equity shares of ₹ 10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
		5,00,00,000	**5,000.00**	**5,00,00,000**	**5,000.00**	**5,00,00,000**	**5,000.00**
	Issued, subscribed and fully paid up						
	Equity shares of ₹ 10 each	2,73,01,188	2,730.12	2,72,33,965	2,723.40	2,72,33,965	2,723.40
		2,73,01,188	**2,730.12**	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**

		As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs
a)	**Reconciliation of equity share capital**						
	Balance at the beginning of the year	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**
	Add : Issued during the year under ESOP plan (refer note 46)	67,223	6.72	-	-	-	-
	Balance at the end of the year	**2,73,01,188**	**2,730.12**	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**

		Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares
b)	**Shareholders holding more than 5% of the shares of the Company**						
	Equity shares of ₹ 10 each						
	Mr. Chander K. Baljee	1,20,01,060	43.96%	1,20,01,060	44.07%	1,20,14,560	44.12%
	Baljees Hotels and Real Estates Private Limited	57,14,689	20.93%	57,14,689	20.98%	57,14,689	20.98%
		1,77,15,749	**64.89%**	**1,77,15,749**	**65.05%**	**1,77,29,249**	**65.10%**

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.

Notes to the financial statements *(continued)*

15 Share capital (cont'd)

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 2018. Further, the Company has not issued any shares without payment being received in cash.

e) Shares reserved for issue under options granted under the Company's Employee Stock Option Scheme, 2014 (refer note 46)

Particulars	As at 31 March 2018 Number	As at 31 March 2017 Number	As at 01 April 2016 Number
Ordinary Shares of ₹ 10 each	12,94,475	13,61,698	13,61,698

16 Other equity

For the year ended 31 March 2018 *(₹ in lakhs)*

	Reserves and Surplus				Items of OCI	Total Other equity
	Securities Premium Account	Share based payments Reserve	Retained Earnings	General Reserve	Defined Benefit Obligation Remeasurement	
Balance as at 31 March 2017	**11,306.84**	**82.45**	**5,112.51**	**1,015.94**	**19.80**	**17,537.54**
Profit for the year	-	-	1,097.63	-	-	1,097.63
Other comprehensive income/(loss), net of tax	-	-	-	-	(0.06)	(0.06)
Total Comprehensive Income	**-**	**-**	**1,097.63**	**-**	**(0.06)**	**1,097.57**
Issue of equity shares under ROHL ESOP Scheme	74.82	-	-	-	-	74.82
Recognition of share based payment	-	48.58	-	-	-	48.58
Balance as at 31 March 2018	**11,381.66**	**131.03**	**6,210.14**	**1,015.94**	**19.74**	**18,758.51**

For the year ended 31 March 2017 *(₹ in lakhs)*

	Reserves and Surplus				Items of OCI	Total Other equity
	Securities Premium Account	Share based payments Reserve	Retained Earnings	General Reserve	Defined Benefit Obligation Remeasurement	
Balance as at 1 April 2016	**11,306.84**	**-**	**4,864.49**	**1,015.94**	**32.22**	**17,219.49**
Profit for the year	-	-	575.80	-	-	575.80
Other comprehensive income/(loss), net of tax	-	-	-	-	(12.42)	(12.42)
Total comprehensive income	**-**	**-**	**575.80**	**-**	**(12.42)**	**563.38**
Interim dividend at ₹ 1 per share	-	-	(272.34)	-	-	(272.34)
Dividend distribution tax on interim dividend	-	-	(55.44)	-	-	(55.44)
Recognition of share based payment	-	82.45	-	-	-	82.45
Balance as at 31 March 2017	**11,306.84**	**82.45**	**5,112.51**	**1,015.94**	**19.80**	**17,537.54**

Notes to the financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
17	**Borrowings**			
	Secured			
	Indian rupee term loan			
	From a financial institution (refer note (i) below)	3,635.29	4,117.21	4,043.68
	Vehicle loans (refer note (ii) below)	43.13	42.34	50.09
		3,678.42	**4,159.55**	**4,093.77**
	Less: Current maturities of long-term debt (refer note (iii) below)	123.37	527.40	516.05
		3,555.05	**3,632.15**	**3,577.72**
	Unsecured			
	From a director* (refer note 37(ii))	25.00	25.00	-
	From a body corporate in which a Director is interested (refer note 37(ii))	80.00	80.00	-
		105.00	**105.00**	**-**
		3,660.05	**3,737.15**	**3,577.72**

* There are no amounts received from the Directors during the year.

Notes:

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

(i) The Company had availed an Indian Rupee term loan from Tourism Finance Corporation of India Limited (TFCIL) for ₹ 5,000 lakhs 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 ₹ 125 lakhs - ₹ 155 lakhs and bear annual interest rate at TFCIL Base Rate (currently at 10.55%) plus 1.25% i.e. 11.80% (31 March 2017: TFCIL Base Rate 12.25% plus 1.25% i.e. 13.50%; 01 April 2016 : TFCIL Base Rate 12.75% plus 1.25% i.e. 14%).

(ii) Vehicle loans are secured by hypothecation of the vehicles concerned and bear interest rate of 10% - 12% p.a. The aforesaid vehicle loans are repayable in monthly installments, commencing from September 2014 till November 2020.

(iii) The current portion of the long-term loans where instalments are due within one year have been classified as "current maturities of long-term debt" under other financial liabilities. (refer note 24)

(iv) The unsecured loans are repayable in April 2019 and bear an interest rate of 18% per annum.

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
18	**Trade Payables (non-current)**			
	Other than acceptances	113.19	367.52	-
		113.19	**367.52**	**-**
19	**Other non-current financial liabilities**			
	Interest accrued but not due on borrowings (refer note 37(ii))	19.22	34.13	-
	Security deposits received	30.00	30.00	-
	Payable towards investment in a subsidiary	197.94	174.40	-
		247.16	**238.53**	**-**

Notes to the financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
20	**Long-term provisions**			
	Employee benefits			
	Gratuity (refer note 38(b))	145.47	118.91	98.73
	Compensated absences (refer note 38(c))	44.58	26.93	30.96
		190.05	**145.84**	**129.69**
21	**Other non-current liabilities**			
	Uncharged guarantee commission	173.06	219.74	-
		173.06	**219.74**	**-**
22	**Short-term borrowings**			
	Unsecured (refer note below)			
	From a director *	-	-	25.00
	From a body corporate in which a Director is interested	-	-	80.00
		-	**-**	**105.00**

Note : Repayable on demand bearing interest rate of 18% p.a.

* There are no amounts received from the Directors during the year.

23	**Trade payables**			
	Dues of micro enterprises and small enterprises	-	-	-
	Dues of creditors other than micro enterprises and small enterprises (refer note below)	2,077.45	1,711.50	1,657.25
		2,077.45	**1,711.50**	**1,657.25**

Note : Based on the information available with the Company, there are no outstanding dues in respect of Micro Enterprises and Small 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.

24	**Other financial liabilities**			
	Current maturities of long-term debt (refer note 17)	123.37	527.40	516.05
	Interest accrued and not due on borrowings	19.99	26.11	52.85
	Unclaimed dividends (refer note (a) below)	2.43	1.49	3.22
	Security deposit received (refer note 37(ii))	-	-	30.00
	Payables on purchase of fixed assets (including retention money payable)	29.59	40.21	25.78
	Book overdraft	40.96	166.01	101.58
	Dues to related parties (refer note 37(ii))	180.49	108.54	154.81
	Others	159.69	168.96	199.11
		556.52	**1,038.72**	**1,083.40**

Note:

(a) The Company has transferred an amount of ₹ Nil (as at 31 March 2017 : ₹ 1.74 lakhs) to Investor Education and Protection Fund during the year.

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
25	**Short-term provisions**			
	Employee benefits			
	Gratuity (refer note 38(b))	15.82	16.56	8.57
	Compensated absences (refer note 38(c))	16.31	9.61	11.11
		32.13	**26.17**	**19.68**
26	**Current tax liabilities (net)**			
	Provision for taxes, net of advance taxes ₹ 342.30 lakhs (as at 31 March 2017: Nil; as at 01 April 2016: Nil)	144.70	-	-
		144.70	**-**	**-**
27	**Other current liabilities**			
	Statutory dues	175.80	159.10	252.41
	Advance received from customers	369.11	293.73	295.28
	Uncharged guarantee commission	46.69	52.99	15.26
		591.60	**505.82**	**562.95**

Notes to the financial statements *(continued)*

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
28	**Revenue from operations**		
	From sale of services at hotels		
	- Room nights	6,388.45	5,349.48
	- Food and beverages	3,155.56	3,167.20
	- Other services	263.15	312.29
	From hotel management and consultancy services	406.86	443.56
		10,214.02	**9,272.53**
29	**Other income**		
	Interest income		
	- on bank deposits	18.41	25.89
	- on income tax refund	-	24.56
	- on management fee	7.17	16.84
	Interest on Compulsorily Convertible Debentures		
	- from subsidiaries	242.80	303.68
	Dividend income from a subsidiary	194.28	100.18
	Interest income earned on Financial Assets that are not designated at fair value through Profit or Loss (refer note (i))	28.27	25.70
	Commission on corporate guarantees provided to subsidiaries	52.99	59.36
	Liabilities no longer required, written back	25.95	287.19
	Net gain on foreign currency transactions and translations	4.00	-
	Miscellaneous	25.12	66.25
		598.99	**909.65**

Note:

(i) Pertains to interest income earned on account of discounting of the rental deposits.

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
30	**Food and beverages consumed**		
	Opening stock	90.78	78.54
	Add : Purchases during the year	1,061.53	1,190.60
		1,152.31	**1,269.14**
	Less : Closing stock	96.24	90.78
		1,056.07	**1,178.36**
31	**Employee benefits expense**		
	Salaries and wages	1,779.65	1,642.05
	Contribution to provident fund (refer note 38(a))	84.26	61.51
	Gratuity (refer note 38(b))	48.59	31.27
	Share based payments to employees	26.45	28.71
	Staff welfare expenses	176.72	174.11
		2,115.67	**1,937.65**
32	**Finance costs**		
	Interest expenses		
	- on a term loan	476.34	565.82
	- on present value accounting of liability towards investment in a subsidiary	23.54	3.47
	- on unsecured loans	18.90	18.85
	- on vehicle loans	4.73	5.02
	- on delay in payment of statutory remittances (income tax, service tax etc)	0.60	12.65
		524.11	**605.81**

Notes to the financial statements *(continued)*

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
33	**Depreciation and amortisation**		
	Depreciation (refer note 3)	438.51	447.80
		438.51	**447.80**

			Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
34	**Other expenses**			
	Guest transportation		98.64	108.56
	Linen and room supplies		173.37	166.19
	Catering and other kitchen supplies		68.09	80.97
	Cablenet charges		31.61	35.41
	Uniform washing and laundry		141.26	135.80
	Music and entertainment		20.12	51.20
	Banquet expenses		440.36	458.30
	Power, fuel and water		1,002.40	996.62
	Garden, landscaping and decoration		33.86	34.59
	Security charges		96.48	100.88
	Communication		91.92	116.51
	Printing and stationery		61.56	66.44
	Subscription charges		36.75	27.44
	Rent		1,156.70	1,027.69
	Repairs and maintenance			
	- Buildings		39.85	33.73
	- Plant and equipment		127.82	134.31
	- Others		130.99	104.04
	Insurance		37.81	32.07
	Commission and brokerage		532.67	309.86
	Rates and taxes		253.16	219.86
	Legal and professional		273.53	280.43
	Travelling and conveyance		75.36	95.88
	Advertisement and business promotion		123.11	107.60
	Allowance for doubtful receivables (expected credit loss allowance)		51.13	24.18
	Bad receivables written off	79.58		
	Less: Write back of provision for doubtful receivables	79.58	-	-
	Directors' sitting fees		17.79	21.20
	Royalty		39.56	29.73
	Foreign exchange fluctuation loss (net) *		-	129.88
	Bank charges		45.13	14.56
	Loss on fixed assets sold /written off		12.28	18.32
	Expenditure on Corporate Social Responsibility (CSR) (refer note 48)		21.13	-
	Miscellaneous		40.68	76.92
			5,275.12	**5,039.17**

* Foreign exchange fluctuation loss (net) for the year ended 31 March 2017 includes ₹ 114.39 lakhs of loss relating to earlier years.

Notes to the financial statements *(continued)*

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
35	**Income tax expenses**		
	A. Amount recognised in profit or loss		
	Current tax		
	Income tax for the year	487.00	205.73
	Total current tax	**487.00**	**205.73**
	Deferred tax		
	Deferred tax for the year	(36.10)	293.27
	Minimum alternative tax credit	-	(101.42)
	Total deferred tax	**(36.10)**	**191.85**
	Total	**450.90**	**397.58**
	B. Amount recognised in other comprehensive income		
	Deferred tax arising on income and expense recognised in other comprehensive income		
	Net loss/ (gain) on remeasurement of defined benefit plan	0.02	6.58
	Total	**0.02**	**6.58**
	C. Reconciliation of effective tax rate		
	The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before tax	1,548.53	973.39
	Income tax expense calculated at 34.61% (2017 - 34.61%)	535.91	336.87
	Effect of:	-	-
	Income that is exempt from taxation	(67.24)	(34.67)
	Non-deductible in determining taxable profit	1.56	(3.53)
	MAT credit entitlement	-	101.42
	Changes in enacted tax rate relevant for deferred tax	(19.33)	(2.51)
		450.90	**397.58**
	Adjustments recognised in the current year in relation to the current tax of prior years	-	-
	Income tax recognised in profit or loss	**450.90**	**397.58**

The tax rate used for the year 2016-17 and 2017-18 reconciliations above is the corporate tax rate of 34.61 (30%+ Surcharge at 12% and Education cess at 3%) payable on taxable profits under the Income-tax Act, 1961.

		Year ended 31 March 2018	Year ended 31 March 2017
36	**Earnings per share**		
	Basic		
	Weighted average number of shares outstanding	27,248,715	27,233,965
	Net profit after tax attributable to equity shareholders in ₹ lakhs	1,097.57	563.38
	Basic earnings per share in ₹	4.03	2.07
	Nominal value per equity share in ₹	10.00	10.00
	Diluted		
	Weighted average number of shares outstanding	27,406,618	27,392,867
	Net profit after tax attributable to equity shareholders in ₹ lakhs	1,097.57	563.38
	Diluted earnings per share in ₹	4.00	2.06
	Nominal value per equity share in ₹	10.00	10.00

Notes to the financial statements *(continued)*

37 Related party transactions

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
Royal Orchid Hyderabad Private Limited	Subsidiary
River Shore Developers Private Limited *(Formerly Amartara Hospitality 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	Subsidiary
J.H. Builders Private Limited	Subsidiary
Raj Kamal Buildcon Private Limited	Subsidiary
Ksheer Sagar Buildcon Private Limited	Subsidiary

Key Management Personnel (KMP)

Mr. Chander K. Baljee	Managing Director

Relatives of key management personnel

Mrs. Sunita Baljee	Director
Mr Sunil Sikka	Director

Entities controlled by KMP

Baljees Hotels and Real Estate Private Limited
Hotel Staylonger Private Limited

Entities significantly influenced by KMP

Presidency College of Hotel Management

Notes to the financial statements *(continued)*

37 Related party transactions (cont'd)

i. Transactions with related parties during the year **₹ in lakhs**

Nature of Transaction	Subsidiary		Key Management Personnel		Entities controlled by KMP	
	2018	2017	2018	2017	2018	2017
Management and technical fee income (excluding tax)						
Ksheer Sagar Developers Private Limited	114.11	101.92	-	-	-	-
Dividend income						
Cosmos Premises Private Limited	194.28	100.18	-	-	-	-
Consultancy charges						
Royal Orchid Associated Hotels Private Limited	290.23	284.76	-	-	-	-
Cosmos Premises Private Limited	2.52	75.00	-	-	-	-
Interest income						
Icon Hospitality Private Limited	54.27	62.00	-	-	-	-
Maruti Comforts & Inn Private Limited	19.20	19.20	-	-	-	-
River Shore Developers Private Limited	169.33	222.48	-	-	-	-
Ksheer Sagar Developers Private Limited	7.17	16.84	-	-	-	-
Interest expense						
Baljees Hotels and Real Estate Private Limited	-	-	-	-	14.40	14.36
Mr. Chander K. Baljee	-	-	4.50	4.49	-	-
Loans granted / (Repayment received)						
Multi Hotels Limited (including gain/loss on foreign currency translation)	54.09	37.73	-	-	-	-
AB Holdings Private Limited	0.04	0.39	-	-	-	-
Royal Orchid Maharashtra Private Limited	3.22	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	-	(76.70)	-	-	-	-
River Shore Developers Private Limited	113.92	-				
Application money paid towards Compulsorily Convertible Debentures						
Icon Hospitality Private Limited	-	225.00	-	-	-	-
River Shore Developers Private Limited	-	71.61	-	-	-	-
Ksheer Sagar Developers Private Limited	-	23.05	-	-	-	-
Investment in Compulsorily Convertible Debentures on allotment						
Icon Hospitality Private Limited	-	301.49	-	-	-	-
River Shore Developers Private Limited	-	213.21	-	-	-	-
Refund received of debenture application money pending allotment						
Icon Hospitality Private Limited	-	125.00	-	-	-	-
Remuneration						
Mr. Chander K. Baljee	-	-	210.03	182.64	-	-
Directors' Sitting Fees						
Mrs. Sunita Baljee	-	-	2.10	2.70	-	-
Mr. Sunil Sikka	-	-	1.55	1.50	-	-
Rental expense						
Baljees Hotels and Real Estate Private Limited	-	-	-	-	240.00	240.00
Hotel Staylonger Private Limited	-	-	-	-	60.00	60.00

37 Related party transactions (cont'd)

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

₹ *in lakhs*

Nature of transaction	Subsidiary			Key Management Personnel			Entities controlled by KMP		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Loans									
AB Holdings Private Limited	281.34	281.30	280.91	-	-	-	-	-	-
Multi Hotels Limited	713.19	659.10	748.58	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	254.06	250.83	250.83	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	224.08	224.08	300.79	-	-	-	-	-	-
River Shore Developers Private Limited	150.35	-	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	536.84		-	-	-	-	-	-	-
J.H. Builders Private Limited	15.34	15.34	15.34	-	-	-	-	-	-
Raj Kamal Buildcon Private Limited	14.70	14.70	14.70	-	-	-	-	-	-
Ksheer Sagar Buildcon Private Limited	14.68	14.68	14.68	-	-	-	-	-	-
Trade Receivable									
Ksheer Sagar Developers Private Limited	55.87	117.22	13.31	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	338.29	249.13	219.47	-	-	-	-	-	-
Borrowings									
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	80.00	80.00	80.00
Mr. Chander K. Baljee	-	-	-	25.00	25.00	25.00	-	-	-
Dues from related parties									
Icon Hospitality Private Limited	3.82	17.67	119.93	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	6.66	-	12.23	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	-	40.60	28.64						
Ksheer Sagar Developers Private Limited	3.62	-	4.50	-	-	-	-	-	-
Royal Orchid Mumbai Private Limited	0.66	0.64	0.64	-	-	-	-	-	-
Royal Orchid Goa Private Limited	0.53	0.44	0.38	-	-	-	-	-	-
Royal Orchid Hyderabad Private Limited	1.97	1.94	1.94	-	-	-	-	-	-
Royal Orchid Shimla Private Limited	0.45	0.43	0.43	-	-	-	-	-	-
Royal Orchid South Private Limited	7.24	6.34	5.56	-	-	-	-	-	-
Dues to related parties									
Ksheer Sagar Developers Private Limited	-	3.09	-						
Maruti Comforts & Inn Private Limited	-	24.92	-	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	16.04	-	-	-	-	-	-	-	-
Cosmos Premises Private Limited	164.45	83.62	154.81	-	-	-	-	-	-

Notes to the financial statements *(continued)*

37 Related party transactions (cont'd)

ii. Balances (payable to)/receivable from related parties is summarised below (cont'd) :

₹ *in lakhs*

Nature of transaction	Subsidiary			Key Management Personnel			Entities controlled by KMP		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Debenture application money pending allotment									
River Shore Developers Private Limited	-	36.43	-	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	536.84	-	-	-	-	-	-	-
Interest accrued									
Icon Hospitality Private Limited	137.52	88.68	69.45	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	53.22	35.94	18.66	-	-	-	-	-	-
River Shore Developers Private Limited	572.81	420.41	220.18	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	50.35	50.35	50.35	-	-	-	-	-	-
Interest receivable on outstanding management fee									
Ksheer Sagar Developers Private Limited	32.91	26.27	12.35	-	-	-	-	-	-
Trade payable									
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	63.72	254.33	158.53
Hotel Staylonger Private Limited	-	-	-	-	-	-	134.01	113.19	69.77
Mr. Chander K. Baljee				57.00	63.93	39.01			
Interest payable (net of tax deducted at source)									
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(1.99)	16.98	10.63
Mr. Chander K. Baljee	-	-	-	21.20	17.15	13.12	-	-	-
Security deposit given									
Hotel Staylonger Private Limited	-	-	-	-	-	-	100.00	100.00	100.00
Mr. Chander K. Baljee	-	-	-	600.00	600.00	600.00	-	-	-
Security deposit received									
Presidency College of Hotel Management	-	-	-	-	-	-	30.00	30.00	30.00
Personal guarantee taken outstanding									
Mr. Chander K. Baljee	-	-	-	4,400.00	5,000.00	5,000.00	-	-	-
Corporate guarantee issued outstanding									
Ksheer Sagar Developers Private Limited	4,500.00	4,500.00	7,000.00	-	-	-	-	-	-
Icon Hospitality Private Limited	2,000.00	1,800.00	-	-	-	-	-	-	-
River Shore Developers Private Limited	-	-	9,500.00	-	-	-	-	-	-

Notes to the financial statements *(continued)*

38 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 ₹ 84.26 lakhs (Year ended 31 March 2017: ₹ 61.51 lakhs) for Provident Fund contributions, and ₹ 30.24 lakhs (Year ended 31 March 2017: ₹ 20.37 lakhs) 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 scheme to its employees in India as per 'The Payment of Gratuity Act, 1972'. Under the said Act, employee who has completed five years of service is entitled to gratuity benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following table sets out the status of the gratuity plan as required under Indian Accounting Standard (Ind AS) - 19 - Employee benefits:

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
(i)	**The amounts recognised in the Balance Sheet are as follows:**		
	Present value of the obligation as at the end of the year		
	Current Liability	15.82	16.56
	Non-Current Liability	145.47	118.91
	Fair value of plan assets as at the end of the year	-	-
	Net liability/ (assets) recognized in the Balance Sheet	**161.29**	**135.47**
(ii)	**Changes in the present value of defined benefit obligation**		
	Defined benefit obligation as at beginning of the year	135.47	107.30
	Service cost	38.50	22.69
	Interest cost	10.09	8.58
	Actuarial losses/(gains) arising from	-	-
	- change in demographic assumptions	-	-
	- change in financial assumptions	(5.91)	7.90
	- experience variance (i.e. actual experience vs assumptions)	5.99	11.10
	Benefits paid	(22.85)	(22.10)
	Defined benefit obligation as at the end of the year	**161.29**	**135.47**
(iii)	**Components of net gratuity costs are**		
	Service cost	38.50	22.69
	Net interest cost on the net defined benefit liability	10.09	8.58
	Components of defined benefit costs recognised in Statement of Profit and Loss	**48.59**	**31.27**
(iv)	**Other comprehensive income**		
	Change in financial assumptions	(5.91)	7.90
	Experience variance (i.e. actual experience vs assumptions)	5.99	11.10
	Return on plan assets, excluding amount recognized in net interest expense	-	-
	Change in demographic assumptions	-	-
	Components of defined benefit costs recognized in other comprehensive income	**0.08**	**19.00**
(v)	**Assumptions used for actuarial valuation of gratuity and compensated absences**		
	Discount rate	7.80%	7.45%
	Salary escalation rate	7.00%	7.00%
	Mortality rates *(IAL: Indian Assured Lives Mortality (2006-08))*	100% of IAL	100% of IAL

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

Notes to the financial statements *(continued)*

38 Employee benefit plans (cont'd)

(vi) Experience adjustments:

Particulars	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
Defined Benefit Obligation	161.29	135.47
Fair value of plan assets	-	-
(Surplus)/deficit	161.29	135.47
Experience adjustments on liabilities: gain/(loss)	5.99	11.10
Experience adjustments on plan assets: gain/(loss)	-	-

(vii) Sensitivity analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

a. Interest Rate Risk:

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

b. Liquidity Risk:

This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

c. Salary Escalation Risk:

The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d. Demographic Risk:

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e. Regulatory Risk:

Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of ₹ 10 lakhs).

f. Asset Liability Mismatching or Market Risk:

The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

g. Investment Risk:

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase ₹ in lakhs	Decrease ₹ in lakhs	Increase ₹ in lakhs	Decrease ₹ in lakhs
Discount Rate (- / + 1%)	146.09	179.11	121.59	151.85
Salary Growth Rate (- / + 1%)	177.61	146.80	150.81	122.08
Attrition Rate (- / + 50% of attrition rates)	161.34	161.03	135.39	135.44
Mortality rate (- / + 10%)	161.33	161.25	135.49	135.45

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

Notes to the financial statements *(continued)*

38 Employee benefit plans (cont'd)

(viii) Maturity analysis of Defined Benefit Obligation

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Weighted average duration (based on discounted cashflows)	10 years	11 years
Expected cash flows over the next (valued on undiscounted basis):		
1 year	15.82	16.56
2 to 5 years	38.29	22.37
6 to 10 years	66.23	41.16
More than 10 years	317.51	292.30

c) Actuarial assumptions considered to determine the provision for compensated absence is same as gratuity provision.

39 Segment information

The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments.

The Company's business comprises the operation of a hotel, the services of which represents one business segment. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment- wise information is not applicable to the Company.

40 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, other financial liabilities, less cash.

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Long term borrowings	3,783.42	4,264.55	4,093.77
Short term borrowings	-	-	105.00
Less: Cash and cash equivalents	(1,402.32)	(567.47)	(365.29)
Less: Bank balances other than cash and cash equivalents	(2.47)	(156.40)	(140.68)
Net debt	**2,378.63**	**3,540.68**	**3,692.80**
Equity	2,730.12	2,723.40	2,723.40
Other Equity	18,758.52	17,537.55	17,219.49
Total capital	**21,488.64**	**20,260.95**	**19,942.89**
Capital and net debt	**23,867.27**	**23,801.63**	**23,635.69**
Gearing ratio	**10%**	**15%**	**16%**

Notes to the financial statements *(continued)*

41 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 2018 is ₹ 1,156.70 lakhs (31 March 2017: ₹ 1,027.69 lakhs).

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

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
Payments falling due:		
Within 1 year	235.83	470.23
Later than one year but not later than five years	461.67	655.83
Later than 5 years	-	41.67
Total	**697.50**	**1,167.73**

Liabilities recognised in respect of non-cancellable leases is ₹ Nil.

42 Commitments and contingencies

a) *Litigations*

i) The Company has been named as a defendant in two civil suits on a portion of land taken on lease from the Karnataka State Tourism Development Corporation ("KSTDC") for the operation of the Hotel Royal Orchid, Bangalore, which are adjacent to the hotel premises. One of the civil suit has been settled in favour of the Company, against which an appeal before the High Court of Karnataka, is pending and in the other matter the Company has an injunction against the other party. Management believes that these cases are not material and will not adversely affect its operations.

ii) The Company has been named as a defendant in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff' or "Kamat Hotels") with Bombay High Court restraining the alleged use of the trademark of the Company and a relief of a permanent injuction restraining the Company from using the trademark 'Orchid'. The Company had filed an application seeking an interim injuction while the above proceedings are pending. The Bombay High Court vide its interim order dated 05 April 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated 06 May 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand.

During the year ended 31 March 2014, the Company has obtained two favourable rulings from the Intellectual Property Appellate Board ("IPAB"). Kamat Hotels had preferred to appeal the ruling of IPAB in Madras High Court. The Madras High Court has passed orders cancelling the registration in Class 42 of Trademarks Act and the Company has filed a Special Leave Petition "SLP" with the Honorable Supreme Court in 2015. Reply to SLP was filed by Kamat Hotels in the form of Counter affidavit and the Company has filed a Rejoinder in the form of an affidavit. The matter was partly heard by the Honorable Supreme Court in April and May of 2017 and has advised Kamat Hotels to consider the options for settlement by displaying the disclaimers on the Websites regarding the disassociation between the two brands. On 13 February 2018, the Supreme Court dismissed the SLP filed by the Company and consequently, the Company has filed a Chamber Appeal against the said Order which is pending for listing. However, the management believes that the outcome of SLP affects only the registration of the trademarks in Class 42 and does not in any way affect the use of marks by the Company.

The management believes that the case will be settled in its favour and will not affect its current and future operations.

iii) The Company received tax demand including interest, from the Indian tax authorities for payment of ₹ 449 lakhs (31 March 2017: ₹ 426.20 lakhs; 01 April 2016: ₹ 449 lakhs) 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 were disposed off by the appellate authorities in favour of the Company for fiscal year 2012 and allowed partial benefit in favour of the Company for fiscal years 2009 and 2011. Currently, the matter for these fiscal years are before the Income Tax Appellate Tribunal for hearing.

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

(b) *Guarantees*

The Company has given guarantees to financial institutions, banks for loans sanctioned to subsidiaries amounting to ₹ 6,500 lakhs (31 March 2017: ₹ 6,300 lakhs; 01 April 2016: ₹ 16,500 lakhs).

Notes to the financial statements *(continued)*

43 Payment to auditors

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
For audit fees	40.25	35.00
For reimbursement of expenses	0.92	0.61
	41.17	**35.61**

44 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial Instruments by categories are as follows:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
A. Financial assets			
a) Measured at amortised cost			
Non-current assets			
(i) Investments	16,558.40	17,123.48	16,307.33
(ii) Loans	2,204.57	1,460.04	1,625.83
(iii) Other non-current financial assets	2,275.17	1,267.88	1,203.09
Current assets			
(i) Trade receivables	1,094.37	966.09	909.28
(ii) Cash and cash equivalents	1,402.32	567.47	365.29
(iii) Bank balances other than cash and cash equivalents	2.47	156.40	140.68
(iv) Other financial assets	76.98	727.11	466.30
	23,614.28	**22,268.47**	**21,017.80**
b) Measured at fair value through OCI	-	-	-
c) Measured at fair value through profit or loss	-	-	-
Total financial assets	**23,614.28**	**22,268.47**	**21,017.80**
B. Financial liabilities			
a) Measured at amortised cost			
Non-current liabilities			
(i) Borrowings	3,660.05	3,737.15	3,577.72
(ii) Trade Payables	113.19	367.52	-
(iii) Other financial liabilities	247.16	238.53	-
Current liabilities			
(i) Borrowings	-	-	105.00
(ii) Trade payables	2,077.45	1,711.50	1,657.25
(iii) Other financial liabilities	556.52	1,038.72	1,083.40
	6,654.37	**7,093.42**	**6,423.37**
b) Measured at fair value through OCI	-	-	-
c) Measured at fair value through profit or loss	-	-	-
Total financial liabilities	**6,654.37**	**7,093.42**	**6,423.37**

Notes:

(i) The fair value of trade receivables, trade payables and other current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short-term nature.

(ii) The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(iii) The management assessed that for amortised cost instruments, the fair value approximates largely to the carrying amount.

Notes to the financial statements *(continued)*

45 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

(A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current financial assets			
(i) Investments	16,558.40	17,123.48	16,307.33
(ii) Loans	2,204.57	1,460.04	1,625.83
(iii) Other non-current financial assets	2,275.17	1,267.88	1,203.09
Current Financial assets			
(i) Trade receivables	1,094.37	966.09	909.28
(ii) Cash and cash equivalents	1,402.32	567.47	365.29
(iii) Bank balances other than cash and cash equivalents	2.47	156.40	140.68
(iv) Other financial assets	76.98	727.11	466.30
Total financial assets	**23,614.28**	**22,268.47**	**21,017.80**

A1: Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Company's historical experience for customers.

The allowance/reversal for life time expected credit loss on customer balances for the year ended 31 March 2018 and as at 31 March 2017 is given below:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	196.70	172.52
Impairment loss recognised	51.13	24.18
Impairment loss reversed	(79.58)	-
Balance at the end of the year	**168.25**	**196.70**

A2: Cash and cash equivalents

The credit risk for cash and cash equivalents, and bank balances other than cash and cash equivalents are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

Financial assets that are past due but not impaired

Interest accrued on management fees receivable is past due but not impaired.

Notes to the financial statements *(continued)*

45 Financial risk management (cont'd)

(B) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom for any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities that have contractual maturities (including interest payments where applicable) are summarised below:

Maturities of financial liabilities *(₹ in lakhs)*

Particulars	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31 March 2018				
Borrowings	-	1,135.68	2,524.37	3,660.05
Trade payable	2,077.45	-	-	2,077.45
Other financial liabilities	556.52	-	-	556.52
Total	**2,633.97**	**1,135.68**	**2,524.37**	**6,294.02**
As at 31 March 2017				
Borrowings	-	2,214.00	1,523.15	3,737.15
Trade payable	1,711.50	-	-	1,711.50
Other financial liabilities	1,038.72	-	-	1,038.72
Total	**2,750.22**	**2,214.00**	**1,523.15**	**6,487.37**
As at 01 April 2016				
Borrowings	-	2,160.00	1,522.72	3,682.72
Trade payable	1,657.25	-	-	1,657.25
Other financial liabilities	1,083.40	-	-	1,083.40
Total	**2,740.65**	**2,160.00**	**1,522.72**	**6,423.37**

(C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency risk

The predominant currency of the Company's revenues and operating cash flows is Indian Rupees (INR). The Company is exposed to foreign exchange risk on account of advances given to its wholly owned subsidiary in foreign currency. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. There are no forward exchange contracts entered into by the Company as at 31 March 2018, 31 March 2017 and 01 April 2016.

The year end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

(₹ in lakhs)

Particulars	Currency	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current assets				
Financial assets	USD	10.78	9.98	9.38
(i) Loans	INR	700.87	646.78	621.89

(₹ in lakhs)

Particulars	Currency	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Financial assets				
Conversion rates	USD	65.04	64.84	66.33

Notes to the financial statements *(continued)*

45 Financial risk management (cont'd)

(C) Market risk

(i) Foreign currency risk (cont'd)

Sensitivity:

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

(₹ in lakhs)

Particulars	Increase 31 March 2018	Decrease 31 March 2018	Increase 31 March 2017	Decrease 31 March 2017
Sensitivity				
INR/USD	7.01	7.01	6.47	6.47

(ii) Interest rate risk

a) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on bank/financial institution financing. As at 31 March 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Variable rate borrowing	3,801.79	4,686.95	4,609.82
Fixed rate borrowing	-	-	-
Total borrowings	**3,801.79**	**4,686.95**	**4,609.82**
Amount disclosed under other current financial liabilities	123.37	527.40	516.05
Amount disclosed under borrowings	3,678.42	4,159.55	4,093.77

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Interest sensitivity		
Interest rates – increase by 100 basis points (100 bps)	38.02	46.87
Interest rates – decrease by 100 basis points (100 bps)	38.02	46.87

b) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes to the financial statements *(continued)*

46 Information in respect of Options granted under the Company's Employee Stock Option Scheme, 2014

Sl. No.	Particulars	ROHL Employee Stock Option Scheme, 2014 ('the ESOP Scheme 2014')
1	Date of Shareholders' approval	29 September 2014
2	Total number of Options approved under the Plan	Options equivalent to 1,361,698 Ordinary Shares of ₹ 10 each.
3	Vesting Schedule	The vesting period for conversion of Options is as follows: - 1/3rd vests on completion of 12 months from the date of grant of the Options. - 1/3rd vests on completion of 24 months from the date of grant of the Options. - 1/3rd vests on completion of 36 months from the date of grant of the Options.
4	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is at such price, as determined by the Board of Directors ('the Board'), which is no lower than closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the date of grant and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price or the 'Market Price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Guidelines/Regulations.
5	Maximum term of Options granted	Five years from the date of vesting.
6	Source of Shares	Primary
7	Variation in terms of Options	None
8	Method used for accounting of share-based payment plans	The employee benefit expense pertaining to share-based payments has been calculated using the fair value method of accounting for Options issued under the Company's ESOP scheme 2014. The employee benefit expense as per the fair value method for the financial year 2017-18 is ₹ 26.45 lakhs (2016-17: ₹ 28.71 lakhs).
9	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price per Option: ₹ 84.91 (31 March 2017: ₹ 80.71) Weighted average fair value per Option: ₹ 42.31 (31 March 2017: ₹ 40.62)

10 Details of Employee Stock Option granted during the financial year, but not vested as on 31 March 2018:

Date of grant	Number	Financial year of vesting	Exercise price in ₹	Fair value at grant date in ₹
12 October 2017	39,000	2018-19, 2019-20 and 2020-21	127.05	62.17

Details of Employee Stock Option granted during the financial year, but not vested as on 31 March 2017:

Date of grant	Number	Financial year of vesting	Exercise price in ₹	Fair value at grant date in ₹
30 May 2016	383,250	2017-18, 2018-19 and 2019-20	80.85	40.69
04 February 2017	75,750	2017-18, 2018-19 and 2019-20	80.00	40.27

11 Fair value on the grant date

The fair value at grant date is determined using Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 March 2018 are as follows:

a. Weighted average exercise price ₹ 127.05 (31 March 2017: ₹ 80.71)
b. Grant date: 12 October 2017 (31 March 2017: 30 May 2016 and 04 February 2017)
c. Vesting year: 2018-19 to 2020-21 (31 March 2017: 2017-18 to 2019-20)
d. Share price at grant date: ₹ 127.05 (31 March 2017: ₹ 80.85 at 30 May 2016 and ₹ 80.00 at 04 February 2017)
e. Expected price volatality of Company's share: 48.50% (31 March 2017: 50.82%)
f. Expected dividend yield: 0.00% (31 March 2017: 0.00%)
g. Risk free interest rate: 7.00% (31 March 2017: 7.00%)

The expected price volatility is based on the historic volatility (based on remaining life of the options).

Notes to the financial statements *(continued)*

46 Information in respect of Options granted under the Company's Employee Stock Option Scheme, 2014 (cont'd)

12 Summary of status of Options

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Options	Weighted Average Exercise Prices in ₹	No. of Options	Weighted Average Exercise Prices in ₹
Outstanding at the beginning of the year	459,000	80.71	-	-
Add: Granted during the year	39,000	127.05	459,000	80.71
Less: Lapsed during the year	-	-	-	-
Less: Exercised during the year	67,223	80.69	-	-
Outstanding at the end of the year	430,777	80.71	459,000	80.71
Options exercisable at the end of the year	85,777	80.73	-	-

13 Share Option Exercised during the year:

Option Series	Number of shares exercised	Exercise Date	Share Price at exercise date NSE
Series I - Granted as on 30 May 2016	14,500	20 November 2017	151.95
Series I - Granted as on 30 May 2016	19,250	07 December 2017	164.25
Series I - Granted as on 30 May 2016	21,223	03 March 2018	186.90
Series II - Granted as on 04 February 2017	12,250	03 March 2018	186.90

47 First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Company has prepared the financial statements for the comparative period as at and for the year ended 31 March 2017 that comply with the applicable Ind AS, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1 April 2016 and the comparitive financial statements as at and for the year ended 31 March 2017.

A. Ind AS optional exemptions

A1. Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect, the continuation of carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets". Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value as at the date of transition.

A2. Deemed cost for investments in subsidiaries

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in subsidiaries in the standalone financial statements at their previous GAAP carrying value.

A3. Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

Notes to the financial statements *(continued)*

47 First-time adoption of Ind AS (cont'd)

B. Ind AS mandatory exemptions

B1. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition, this was not required under the previous GAAP.

B2. Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application or retrospective restatement are not determinable; or

b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or

c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

B3. De-recognition of financial assets and liabilities

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

C1. Reconciliation of other equity

The Company has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

(₹ in lakhs)

Particulars	Note	As at 31 March 2017	As at 01 April 2016
Equity as reported under previous GAAP		**20,099.66**	**19,436.51**
Adjustments on account of:			
(i) Measurement of financial assets and liabilities at amortised cost	1 & 2	(239.55)	(220.06)
(ii) Adjustment of lease rent reserve	3	189.97	217.94
(iii) Corporate Guarantees extended to Group Companies	4	59.36	-
(iv) ESOP expense recognised at fair value through profit or loss	6	53.74	-
(v) Depreciation due to change in the value of property, plant and equipment arising from government grants	5	82.66	105.95
(vi) Deferred tax on Ind AS adjustments	8	15.11	402.55
Equity under Ind AS		**20,260.95**	**19,942.89**

Notes to the financial statements *(continued)*

47 First-time adoption of Ind AS (cont'd)

C2. Reconciliation of total comprehensive income

(₹ in lakhs)

Particulars	Note	Year ended 31 March 2017
Profit after tax as reported under previous GAAP		**990.94**
Adjustments on account of:		
(i) Measurement of financial assets and liabilities at amortised cost	1 & 2	(19.49)
(ii) Measurement of defined benefit obligation	7	19.00
(iii) Recognition of lease rentals on straight line basis	3	(27.97)
(iv) Corporate Guarantees extended to Group Companies	4	59.36
(v) ESOP expense recognised at fair value through profit or loss	6	(28.71)
(vi) Depreciation due to change in the value of property, plant and equipment arising from government grants	5	(23.29)
(vii) Deferred tax on Ind AS adjustments	8	(394.04)
Profit after tax as reported under Ind AS		**575.80**
Other comprehensive income / (loss) (net of tax), items that will not be re-classified into Statement of Profit and Loss	9	(12.42)
Total comprehensive income as reported under Ind AS		**563.38**

C3. Effect of Ind AS on Cashflow

There are no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

C4. Notes

1. Borrowings

Ind AS 109, 'Financial Instruments' requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the Statement of Profit and Loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to the Statement of Profit and Loss as and when incurred. Accordingly, borrowings as at 01 April 2016 and 31 March 2017 have been reduced with a corresponding adjustment to retained earnings.

2. Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has recognized these security deposits at fair value and subsequently measured them at amortized cost. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid rent which would be amortized over a straight line basis over the period of the deposit.

3. Operating leases

Under the previous GAAP, operating lease payments were recognized as an expense in the Statement of Profit and Loss on a straight-line basis. Under Ind AS, operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where scheduled increase in rent compensates with expected inflationary costs. Accordingly the lease equalization reserve has been written back with a corresponding adjustment to retained earnings.

4. Financial guarantee

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified subsidiary fails to make a payment when due in accordance with the terms of a debt instrument. Under the previous GAAP, there was no requirement to account for financial guarantees given by the Company. Under Ind AS, financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109, 'Financial Instruments' and the amount recognized less cumulative amortization.

5. Government grant

Under the previous GAAP, the Export Promotion Capital Goods (EPCG) benefit received was netted off with the value of property, plant and equipment (PPE). Under Ind AS, the value of PPE has been grossed up and the EPCG benefit is treated as deferred revenue to the extent the export obligations are not met.

Notes to the financial statements *(continued)*

47 First-time adoption of Ind AS (cont'd)

6. Employee stock option plan

Under previous GAAP, the intrinsic value of the employee stock option plan was recognised as an expense over the vesting period. Under Ind AS, the compensation cost of employee stock option plan is recognised based on the fair value of the options determined using an appropriate pricing model at the date of grant. Accordingly, the difference between the intrinsic value of the employee stock option plan and the fair value of the option on the date of grant has been adjusted in opening retained earnings and Statement of Profit and Loss for 1 April 2016 and 31 March 2017 respectively.

7. Defined benefit obligation

Both under the previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.

8. Deferred tax

Deferred taxes have been recognised on the adjustments made on transition to Ind AS.

9. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in Statement of Profit and Loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under the previous GAAP.

48. Corporate Social Responsibility Expenditure

The gross amount required to be spent by the Company during the year is ₹ 17.60 lakhs (Previous Year - ₹ Nil). Against this sum, the Company has spent ₹ 21.13 lakhs (Previous Year - ₹ Nil) on projects other than construction/ acquisition of assets. The entire amount has been disbursed/ committed prior to the end of the financial year.

49. Disclosures required by Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 (4) of the Companies Act, 2013

Amount of loans / advances in nature of loans outstanding from subsidiaries as at 31 March 2018, on a standalone basis

(₹ in lakhs)

Particulars	Maximum amount outstanding during the year	Balance outstanding as on 31 March 2018	Maximum amount outstanding during the year	Balance outstanding as on 31 March 2017
Subsidiaries				
AB Holdings Private Limited	281.34	281.34	281.30	281.30
Multi Hotels Limited	713.19	713.19	748.58	659.10
Royal Orchid Maharashtra Private Limited	254.06	254.06	250.83	250.83
Royal Orchid Associated Hotels Private Limited	224.08	224.08	300.79	224.08
River Shore Developers Private Limited	150.35	150.35	-	-
Ksheer Sagar Developers Private Limited	536.84	536.84	-	-
J.H. Builders Private Limited	15.34	15.34	15.34	15.34
Raj Kamal Buildcon Private Limited	14.70	14.70	14.70	14.70
Ksheer Sagar Buildcon Private Limited	14.68	14.68	14.68	14.68

50. On 28 May 2018, the Board of Directors of the Company have proposed a final dividend of ₹ 1.50 per equity share in respect of the year ended 31 March 2018, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 492.89 lakhs (including dividend distribution tax).

Notes to the financial statements *(continued)*

51. During the year ended 31 March 2018, the Company has recorded an exceptional income of ₹ 145 lakhs towards settlement on account of termination of the Hotel Operation Agreement of a hotel at Chandigarh.

52. Approval of Financial Statements

The standalone financial statements were approved for issue by the Board of Directors on 28 May 2018.

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

Chander K. Baljee Managing Director DIN: 00081844	**Sunita Baljee** Director DIN: 00080737
Dr. Ranabir Sanyal Company Secretary & Compliance Officer Mem. No. : F7814	**Amit Jaiswal** Chief Financial Officer

Place : Bengaluru

Date : 28 May 2018

Independent Auditor's Report

To The Members of Royal Orchid Hotels Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Royal Orchid Hotels Limited** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and 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 Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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.

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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of fifteen subsidiaries, whose financial statements reflect total assets of ₹ 19,958.00 lakhs as at March 31, 2018, total revenues of ₹ 4,403.89 lakhs and net cash outflows amounting to ₹ 57.73 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, referred in the Other Matters paragraph above we report, to the extent applicable, that:

Independent Auditor's Report *(continued)*

(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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group

ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Monisha Parikh
Partner
(Membership No.47840)

Bengaluru
May 28, 2018
MP/SS/MSK/2018

Independent Auditor's Report *(continued)*

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) 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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **Royal Orchid Hotels Limited** (hereinafter referred to as "Parent") and its subsidiary 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 Parent and its subsidiary 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 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 (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.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 other auditors of the subsidiary 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 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 and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary 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, 2018, based on the criteria for internal financial control over financial reporting 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 in so far as it relates to fourteen subsidiary companies which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Monisha Parikh
Partner
(Membership No.47840)

Bengaluru
May 28, 2018
MP/SS/MSK/2018

Consolidated Balance Sheet as at 31 March 2018

	Notes	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	25,469.23	26,848.21	27,563.20
(b) Capital Work in progress	3A	2,149.26	2,168.88	2,196.42
(c) Goodwill	3B	1,774.70	1,774.70	1,774.70
(d) Other intangible assets	3C	-	0.88	4.50
(e) Financial assets				
(i) Investments	4	2.25	2.25	2.25
(ii) Other financial assets	5	2,012.37	1,964.59	1,714.00
(f) Deferred tax assets (net)	6	559.74	657.81	824.84
(g) Other non-current assets	7	2,013.33	1,893.62	1,961.61
		33,980.88	**35,310.94**	**36,041.52**
Current assets				
(a) Inventories	8	227.74	218.23	233.97
(b) Financial assets				
(i) Trade receivables	9	2,329.00	1,881.34	1,531.17
(ii) Cash and cash equivalents	10	2,108.57	1,531.49	880.15
(iii) Bank balances other than cash and cash equivalents	11	531.01	723.44	497.45
(iv) Other financial assets	12	305.31	446.87	413.11
(c) Current tax assets (net)	13	108.18	87.25	72.33
(d) Other current assets	14	619.95	584.05	387.28
		6,229.76	**5,472.67**	**4,015.46**
TOTAL ASSETS		**40,210.64**	**40,783.61**	**40,056.98**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	2,730.12	2,723.40	2,723.40
(b) Other equity	16	14,183.51	13,912.06	13,917.76
Equity attributable to owners of the Company		**16,913.63**	**16,635.46**	**16,641.16**
Non-controlling interests		4,478.47	4,803.56	5,722.35
		21,392.10	**21,439.02**	**22,363.51**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	9,606.36	10,086.11	6,870.25
(ii) Trade payables	18	113.19	367.52	-
(iii) Other non-current financial liabilities	19	247.16	238.53	-
(b) Provisions	20	376.14	301.09	253.26
(c) Deferred Tax Liabilities (net)	21	46.34	11.61	79.68
(d) Other non-current liabilities	22	69.21	92.50	115.80
		10,458.40	**11,097.36**	**7,318.99**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	330.53	330.57	950.93
(ii) Trade payables	24	3,184.36	3,254.20	2,916.92
(iii) Other financial liabilities	25	2,504.98	2,612.94	4,382.52
(b) Provisions	26	59.17	52.25	47.77
(c) Current Tax Liabilities (net)	27	187.50	81.83	71.37
(d) Other current liabilities	28	2,093.60	1,915.44	2,004.97
		8,360.14	**8,247.23**	**10,374.48**
TOTAL EQUITY AND LIABILITIES		**40,210.64**	**40,783.61**	**40,056.98**
See accompanying notes forming part of these financial statements.				

In terms of our report attached.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem.No.: F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
Revenue			
Revenue from operations	29	18,945.35	17,487.22
Other income	30	893.16	1,276.16
Total revenue		**19,838.51**	**18,763.38**
Expenses			
Food and beverages consumed	31	2,026.85	2,147.82
Employee benefits expense	32	4,668.43	4,434.46
Finance costs	33	1,469.42	1,546.83
Depreciation and amortisation	34	1,581.79	1,612.31
Other expenses	35	9,314.55	9,010.70
Total expenses		**19,061.04**	**18,752.12**
Profit before exceptional item and tax		**777.47**	**11.26**
Exceptional item	50	145.00	-
Profit before tax		**922.47**	**11.26**
Tax expense			
Current tax		713.04	368.50
Deferred tax charge/(credit)		(31.79)	98.35
		681.25	**466.85**
Profit/(loss) for the year		**241.22**	**(455.59)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
a) Remeasurement (losses)/gains in defined benefit plans		7.05	1.20
Income tax effect		(2.32)	0.42
Net of items that will not be reclassified to profit or loss		**4.73**	**1.62**
Other comprehensive income/(loss), net of tax		**4.73**	**1.62**
Total comprehensive income/(loss) for the year		**245.95**	**(453.97)**
Profit/(loss) for the year			
Attributable to:			
Owners of the parent		335.28	(346.16)
Non-controlling interests		(94.06)	(109.43)
Total comprehensive income/(loss) for the year			
Attributable to:			
Owners of the parent		3.74	2.51
Non-controlling interests		0.99	(0.89)
Earnings per equity share of ₹ 10 each	36		
Basic		0.90	(1.67)
Diluted		0.90	(1.66)
See accompanying notes to Financial Statements.			

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem.No.: F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

A. Equity share capital

Equity shares of ₹ 10 each, fully paid-up	Equity shares Number	Equity shares Amount (₹ in lakhs)
As at 1 April 2016	27,233,965	2,723.40
Add: Issued and subscribed during the year	-	-
As at 31 March 2017	**27,233,965**	**2,723.40**
Add: Issued and subscribed during the year	67,223	6.72
As at 31 March 2018	**27,301,188**	**2,730.12**

B. Other equity

For the year ended 31 March 2018 (₹ in lakhs)

	Reserves and Surplus						Items of OCI				
	Securities Premium Account	Share based payments Reserve	Retained Earnings	Foreign Currency Translation Reserve	Capital Reserve	General Reserve	DBO Remeasurement	Total Other equity attributable to owners of the Company	Equity attributable to owners of the Company	Non controlling interest	Total Equity
Balance as at 31 March 2017	**11,306.84**	**82.45**	**465.88**	**116.30**	**884.16**	**1,020.66**	**35.77**	**13,912.06**	**16,635.46**	**4,803.56**	**21,439.02**
Profit for the period	-	-	335.28	-	-	-	-	335.28	335.28	(94.06)	241.22
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	3.74	3.74	3.74	0.99	4.73
Total Comprehensive Income	**-**	**-**	**335.28**	**-**	**-**	**-**	**3.74**	**339.02**	**339.02**	**(93.07)**	**245.95**
Movements during the year	-	-	(16.24)	(150.33)	15.16	-	-	(151.41)	(151.41)	1.82	(149.59)
Issue of equity shares									6.72	-	6.72
Securities premium on shares allotted during the year	74.82	-	-	-	-	-	-	74.82	74.82	-	74.82
Dividend	-	-	-	-	-	-	-	-	-	(194.29)	(194.29)
Tax on dividend	-	-	(39.55)	-	-	-	-	(39.55)	(39.55)	(39.55)	(79.10)
Recognition of share based payment	-	48.57	-	-	-	-	-	48.57	48.57	-	48.57
Balance as at 31 March 2018	**11,381.66**	**131.02**	**745.37**	**(34.03)**	**899.32**	**1,020.66**	**39.51**	**14,183.51**	**16,913.63**	**4,478.47**	**21,392.10**

For the year ended 31 March 2017 (₹ in lakhs)

	Reserves and Surplus						Items of OCI				
	Securities Premium Account	Share based payments Reserve	Retained Earnings	Foreign Currency Translation Reserve	Capital Reserve	General Reserve	DBO Remeasurement	Total Other equity attributable to owners of the Company	Equity attributable to owners of the Company	Non controlling interest	Total Equity
Balance as at 1 April 2016	**11,306.84**	**-**	**1,114.30**	**-**	**442.70**	**1,020.66**	**33.26**	**13,917.76**	**16,641.16**	**5,722.35**	**22,363.51**
Profit for the year	-	-	(346.16)	-	-	-	-	(346.16)	(346.16)	(109.43)	(455.59)
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	2.51	2.51	2.51	(0.89)	1.62
Total Comprehensive income	**-**	**-**	**(346.16)**	**-**	**-**	**-**	**2.51**	**(343.65)**	**(343.65)**	**(110.32)**	**(453.97)**
Movements during the year	-	-	236.62	116.30	61.02	-	-	413.94	413.94	5.40	419.34
Dividend	-	-	(272.34)	-	-	-	-	(272.34)	(272.34)	(100.18)	(372.52)
Tax on dividend	-	-	(75.84)	-	-	-	-	(75.84)	(75.84)	(20.39)	(96.23)
Acquisition of non-controlling interest	-	-	(190.70)	-	380.44	-	-	189.74	189.74	(693.30)	(503.56)
Recognition of share based payment	-	82.45	-	-	-	-	-	82.45	82.45	-	82.45
Balance as at 31 March 2017	**11,306.84**	**82.45**	**465.88**	**116.30**	**884.16**	**1,020.66**	**35.77**	**13,912.06**	**16,635.46**	**4,803.56**	**21,439.02**

See accompanying notes to Financial Statements.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem.No.: F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Consolidated Cash Flow Statement for the year ended 31 March 2018

	Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
A. Cash flow from operating activities		
Net profit before tax	**922.47**	**11.26**
Adjustments for:		
Depreciation and amortisation	1,581.79	1,612.31
Assets written off	115.75	18.32
Loss/(gain) on sale of assets	2.33	(3.65)
Interest expense, net	1,438.75	1,522.00
Interest adjustment on account of present value	23.54	3.47
Interest on delayed payment of taxes	7.13	21.35
Provision for doubtful receivables	84.80	78.15
Share based payments to employees	75.88	82.45
Interest income	(79.98)	(108.91)
Liability no longer required, written back	(55.38)	(437.92)
Interest income on present value accounting of security deposits	(28.27)	(25.70)
Revenue arising from Government grant related to assets	(23.30)	(23.30)
Operating profit before working capital changes	**4,065.51**	**2,749.83**
Changes in working capital:		
(Increase)/Decrease in inventories	(14.92)	12.92
Increase in trade receivables and unbilled revenue	(530.79)	(384.98)
Increase in other current and non-current assets	(28.53)	(559.92)
Increase in provisions	78.68	48.94
Increase/(Decrease) in trade payables	(347.06)	1,095.85
Increase/(Decrease) in other current and non-current liabilities	(141.19)	132.12
Cash generated from operations	**3,081.70**	**3,094.76**
Direct taxes paid (net)	587.22	429.33
Net cash generated from operating activities	**2,494.48**	**2,665.43**
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(346.34)	(794.78)
Proceeds from sale of fixed assets	0.86	12.17
Interest received	82.96	111.56
Change in other bank balances	192.43	(225.99)
Net cash (used in)/generated from investing activities	**(70.09)**	**(897.04)**
C. Cash flows from financing activities		
Interest paid	(1,341.28)	(1,469.29)
Proceeds from borrowings	18.00	6,976.31
Repayment of secured borrowings	(661.86)	(5,766.64)
Repayment of overdraft	-	(580.00)
Change in unsecured loans,net	130.04	64.64
Change in unclaimed dividend account	0.95	(1.74)
Proceeds from allotment of shares	54.24	-
Interim dividend paid	-	(272.34)
Dividend distribution tax on interim dividend	(47.40)	(67.99)
Net cash (used in) from financing activities	**(1,847.31)**	**(1,117.05)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**577.08**	**651.34**
Cash and cash equivalents at the beginning of the year	**1,531.49**	**880.15**
Cash and cash equivalents at the end of the year	**2,108.57**	**1,531.49**

In terms of our report attached.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 28 May 2018

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem.No.: F7814

Amit Jaiswal
Chief Financial Officer

Place : Bengaluru
Date : 28 May 2018

Notes to the Consolidated financial statements

1. **Corporate Information**

   Royal Orchid Hotels Limited ('the Holding Company') is a public company and is 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') are engaged in the business of operating and managing hotels/ resorts and providing related services, through its portfolio of hotel properties across the country.

1A. The current liabilities of the Group exceed its current assets by ₹ 2130.38 lakhs as at 31 March 2018. In view of the Group's plans for improving operational cash flows through cost synergies, exploring avenues of enhancing revenues, disposing off certain investments, plans to restructure its borrowings etc., the management is confident of further 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 asset and settlement of liabilities in the normal course of business.

2. **Summary of significant accounting policies**

   a) **Statement of compliance**

   The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Upto the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the section 133 of the Companies Act, 2013 and the relevant provisions of Companies Act, 2013 ("the Act"), as applicable. These are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is 1 April 2016. Refer Note 48 on first-time adoption exemptions/exceptions availed by the Group.

   b) **Basis of preparation and presentation**

   The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

   Historical cost is generally based on the fair value of the consideration given in exchange for services.

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair valued, such as value in use quantification as per Ind AS 36.

   In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

   Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

   Level 3 inputs are unobservable inputs for the asset or liability.

   c) **Principles of Consolidation**

   The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. Control is achieved when the Company has power of the investee, it is exposed or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Company gains control until the date the Company ceases to control the subsidiary. Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

c) Principles of Consolidation (cont'd)

The subsidiaries which are included in the consolidation and the Holding Company's holdings therein are as under:-

Particulars	Country of incorporation	Percentage of ownership interest as at 31 March 2018	Percentage of ownership interest as at 31 March 2017	Percentage of ownership interest as at 01 April 2016
Domestic				
Icon Hospitality Private Limited	India	51.07%	51.07%	51.07%
Maruti Comforts & Inn Private Limited	India	65.22%	65.22%	65.22%
Royal Orchid Hyderabad Private Limited	India	100.00%	100.00%	100.00%
AB Holdings Private Limited	India	100.00%	100.00%	100.00%
Royal Orchid Jaipur Private Limited	India	100.00%	100.00%	100.00%
Royal Orchid South Private Limited	India	100.00%	100.00%	100.00%
Royal Orchid Associated Hotels Private Limited *	India	100.00%	100.00%	100.00%
Royal Orchid Shimla Private Limited	India	100.00%	100.00%	100.00%
Royal Orchid Goa Private Limited	India	100.00%	100.00%	100.00%
Royal Orchid Maharashtra Private Limited	India	100.00%	100.00%	100.00%
River Shore Developers Private Limited $	India	100.00%	100.00%	75.10%
Royal Orchid Mumbai Private Limited	India	100.00%	100.00%	100.00%
Cosmos Premises Private Limited #	India	50.00%	50.00%	50.00%
Ksheer Sagar Buildcon Private Limited #	India	50.00%	50.00%	50.00%
Ksheer Sagar Developers Private Limited #	India	50.00%	50.00%	50.00%
Raj Kamal Buildcon Private Limited #	India	50.00%	50.00%	50.00%
J.H. Builders Private Limited #	India	50.00%	50.00%	50.00%
Overseas				
Multi Hotels Limited	Tanzania	100.00%	100.00%	100.00%

* *Subsidiary of AB Holdings Private Limited.*

$ Formerly Amartara Hospitality Private Limited.

 # considered as subsidiary pursuant to control assessment made under Ind AS 110.

Goodwill

Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the Statement of Profit and Loss.

d) Use of estimates

The preparation of the consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of consolidated financial statements and the reported amounts of income and expenditure during the reported year. The Management believes that the estimates used in preparation of the consolidated 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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Litigation

From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

d) Use of estimates (cont'd)

can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

Income taxes

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Group estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

e) Revenue recognition

Revenue from contracts with customers is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Income from operations

Revenues comprise income from the sale of room nights, food and 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 on services rendered, for which amounts are to be billed in subsequent periods.

Interest income

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

Dividend

Dividend income is recognized when the Group's right to receive the amount is established

f) Employee benefits

Employee benefits include provident fund, employee state insurance scheme, labour welfare fund, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Retirement benefit in the form of provident fund and employee state insurance scheme is a defined contribution scheme. The Group is generally liable for specified contributions to a separate entity and has no obligation to pay any further amounts. The Group's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plan

Gratuity

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

f) Employee benefits (cont'd)

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance Sheet date.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Short-term employee benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Group has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is charged to Statement of Profit and Loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013.

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

Asset Category	Useful lives (in years)
Buildings	30
Plant and equipment	15
Furniture and fixtures	8
Vehicles	6
Office equipment	5
Computer equipment	3

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

h) Intangible Assets

Intangible assets include cost of acquired software. Intangible assets are initially measured at acquisition cost including directly attributable costs of preparing the asset for its intended use.

Intangible assets are amortised over a period of three years.

For transition to Ind AS, the Group has elected to continue with carrying value of all of its intangible assets recognized as of 1 April 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

i) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

j) Foreign currency translations

The functional currency of the Group is Indian rupee (₹).

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value denominated in a foreign currency are retranslated at the rates prevailing at the date when the fair value was determined.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Translation of financial statements of foreign operations

Assets and liabilities of foreign entities are translated into Indian Rupees on the basis of the closing exchange rates as at the end of the period. Income and expenditure and cash flow are generally translated using average exchange rates for the period unless those rates do not approximate the actual exchange rates at the dates of specific transactions, in which case the exchange rates as at the dates of transaction are used. All resulting exchange differences are recognised in Other Comprehensive Income. On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as a part of gain or loss on sale.

k) Assets taken on lease:

Operating Lease

A Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Group is classified as operating lease. Payments made under operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases. For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, 1 April 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

l) Inventories

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.

m) Government grants

The Group may receive government grants that require compliance with certain conditions related to the Group's operating activities or are provided to the Group by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Group will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the period in which the associated obligations are fulfilled.

2. Summary of significant accounting policies (cont'd)

m) Government grants (cont'd)

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

n) Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

i) Current tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognized as an asset only when and to the extent there is reasonable certainty that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Group will pay normal income tax during the specified period.

o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

p) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

p) Provisions and contingencies (cont'd)

because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

q) Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

r) Earnings Per Share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

s) Exceptional items

The Group discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying trading performance of the Group and provides consistency with the group's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Group. Exceptional items can include, but are not restricted to, gains and losses on the disposal of assets/ investments/ operations, impairment charges, exchange gain/ loss on long term borrowings/ assets and changes in fair value of derivative contracts.

t) Share based payments

The Holding Company has equity-settled share-based remuneration plans for the employees of the Group. None of the plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group is engaged in the business of operating and managing hotels/ resorts and providing related services, which constitutes its single reportable segment. Further, the Group derives its entire revenue from services rendered in India. Geographical segments of the Group are Tanzania and India.

v) Financial Instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Classification

- 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.
- Debt Instruments - The Group classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

v) Financial Instruments (cont'd)

(a) Financial assets at amortised cost -

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Group's income in the Statement of Profit and Loss using the effective interest rate method.

(b) Financial assets at fair value through Other Comprehensive Income (FVOCI) -

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Group's income in the Statement of Profit and Loss using the effective interest rate method.

(c) Financial assets at fair value through profit or loss (FVTPL) -

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

- **Equity Instruments** -

  The Group subsequently measures all equity investments (other than the investment in subsidiaries, joint ventures and associates which are measured at cost) at fair value. Where the Group has elected to present fair value gains and losses on equity investments in Other Comprehensive Income ("FVOCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payment is established.

  At the date of transition to Ind AS, the Group has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

  When the equity investment is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

De-recognition

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset. Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative

Notes to the Consolidated financial statements *(continued)*

2. Summary of significant accounting policies (cont'd)

v) Financial Instruments (cont'd)

is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. During the years reported, no hedge relationship was designated.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(iii) Impairment of financial assets

The Group assesses, at each reporting date, whether a financial asset or a Group of financial assets is impaired. Ind AS-109 on Financial Instruments, requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Group recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

w) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS. Business combinations arising from transfer of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

x) Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Group is in process of evaluating the effect of this on the consolidated financial statements and expects the impact to be not material.

Ind AS 115- Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

a. Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

b. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Group has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its consolidated financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not expected to be material.

Notes to the Consolidated financial statements *(continued)*

3. Property, plant and equipment **(₹ in lakhs)**

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Carrying amounts of:			
Land (Freehold)	11,278.86	11,330.06	11,423.20
Buildings	2,194.18	2,332.87	2,428.96
Leasehold improvements	6,808.35	7,119.09	7,294.47
Plant and equipments	4,142.20	4,766.83	5,284.69
Furniture and fixtures	896.57	1,102.66	871.51
Vehicles	97.73	136.82	190.63
Office equipments	20.91	27.06	28.74
Computer equipments	30.43	32.82	41.00
	25,469.23	**26,848.21**	**27,563.20**

Cost or deemed cost: **(₹ in lakhs)**

Particulars	Land (Freehold)	Buildings	Leasehold improvements	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computer equipments	Total
Gross Block									
Balance as at 01 April 2016	**11,778.43**	**3,479.48**	**9,952.28**	**10,094.48**	**4,323.68**	**747.19**	**919.55**	**582.77**	**41,877.86**
Additions	-	18.36	165.75	179.74	534.60	41.08	10.26	20.69	970.48
Disposals/written off	-	-	12.57	6.09	-	33.14	0.33	0.33	52.46
Foreign currency translation reserve adjustments	49.94	-	-	-	-	-	-	-	49.94
Balance as at 31 March 2017	**11,728.49**	**3,497.84**	**10,105.46**	**10,268.13**	**4,858.28**	**755.13**	**929.48**	**603.13**	**42,745.94**
Additions	-	16.03	25.71	138.99	104.05	19.48	3.41	21.21	328.88
Disposals/written off	-	69.39	-	160.14	31.00	-	2.57	11.51	274.61
Foreign currency translation reserve adjustments	8.00	-	-	-	-	-	-	-	8.00
Balance as at 31 Mar 2018	**11,720.49**	**3,444.48**	**10,131.17**	**10,246.98**	**4,931.33**	**774.61**	**930.32**	**612.83**	**42,792.21**
Accumulated depreciation									
Balance as at 01 April 2016	**355.23**	**1,050.52**	**2,657.81**	**4,809.79**	**3,452.17**	**556.56**	**890.81**	**541.77**	**14,314.66**
Charge for the year	43.20	114.45	328.56	694.50	303.45	83.72	11.94	28.87	1,608.69
Disposal/Written off	-	-	-	2.99	-	21.97	0.33	0.33	25.62
Balance as at 31 March 2017	**398.43**	**1,164.97**	**2,986.37**	**5,501.30**	**3,755.62**	**618.31**	**902.42**	**570.31**	**15,897.73**
Charge for the year	43.20	113.98	336.45	692.18	308.19	58.57	9.54	18.80	1,580.91
Disposal/Written off	-	28.65	-	88.70	29.05	-	2.55	6.71	155.66
Balance as at 31 March 2018	**441.63**	**1,250.30**	**3,322.82**	**6,104.78**	**4,034.76**	**676.88**	**909.41**	**582.40**	**17,322.98**
Net block									
Balance as at 01 April 2016	**11,423.20**	**2,428.96**	**7,294.47**	**5,284.69**	**871.51**	**190.63**	**28.74**	**41.00**	**27,563.20**
Balance as at 31 March 2017	**11,330.06**	**2,332.87**	**7,119.09**	**4,766.83**	**1,102.66**	**136.82**	**27.06**	**32.82**	**26,848.21**
Balance as at 31 March 2018	**11,278.86**	**2,194.18**	**6,808.35**	**4,142.20**	**896.57**	**97.73**	**20.91**	**30.43**	**25,469.23**

Note

i. Land (freehold) includes ₹ 305.62 lakhs (31 March 2017: ₹ 305.62 lakhs; 01 April, 2016 : ₹ 305.62 lakhs) representing the Group's share of undivided land jointly owned by the Holding Company with its subsidiaries viz, Royal Orchid Jaipur Private Limited, Royal Orchid Maharashtra Private Limited and Royal Orchid South Private Limited and other entities.

ii. Unless otherwise stated all assets are owned by the Company and none of the assets are given on lease.

iii. Certain Property, plant and equipment are pledged against secured borrowings, the details relating to which have been described in Note 17 pertaining to Borrowings.

Notes to the Consolidated financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
3A	**Capital work-in-progress**	2,149.26	2,168.88	2,196.42
3B	**Goodwill**			
	Cost or deemed cost	1,774.70	1,774.70	1,774.70
3C	**Other intangible assets**			
	Carrying amounts of:			
	Softwares	-	0.88	4.50
		-	**0.88**	**4.50**

Cost or deemed cost: ₹ in lakhs

Particulars	Softwares	Total
Gross block		
Balance as at 01 April 2016	**42.00**	**42.00**
Additions	-	-
Balance as at 31 March 2017	**42.00**	**42.00**
Additions	-	-
Balance as at 31 Mar 2018	**42.00**	**42.00**
Accumulated depreciation		
Balance as at 01 April 2016	**37.50**	**37.50**
Charge for the year	3.62	3.62
Balance as at 31 March 2017	**41.12**	**41.12**
Charge for the year	0.88	0.88
Balance as at 31 March 2018	**42.00**	**42.00**
Net block		
Balance as at 01 April 2016	**4.50**	**4.50**
Balance as at 31 March 2017	**0.88**	**0.88**
Balance as at 31 March 2018	**-**	**-**

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
4	**Investments**			
	Government securities (unquoted) carried at cost			
	National savings certificate	2.25	2.25	2.25
		2.25	**2.25**	**2.25**
5	**Other financial assets**			
	(Unsecured, considered good)			
	Bank balances earmarked for margin money for bank guarantee	445.94	295.10	46.95
	Security deposits	1,378.07	1,569.73	1,590.39
	Others	188.36	99.76	76.66
		2,012.37	**1,964.59**	**1,714.00**
	Unsecured, considered doubtful			
	Security deposits	12.00	12.00	12.00
	Other advances	78.92	78.92	78.92
		90.92	**90.92**	**90.92**
	Less: Provision for doubtful advances/deposits	(90.92)	(90.92)	(90.92)
		-	**-**	**-**
		2,012.37	**1,964.59**	**1,714.00**

Notes to the Consolidated financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
6	**Deferred tax asset (net)**			
	Deferred tax assets	663.08	793.17	1,187.04
	Deferred tax liabilities	(103.34)	(135.36)	(362.20)
	Net deferred tax assets/(liabilities)	**559.74**	**657.81**	**824.84**

Significant components of deferred tax asset / (liability) for the year ended 31 March 2018 are as follows :

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT credit utilised	Closing Balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961.	(123.44)	20.31	-	-	(103.13)
(ii) Provision for doubtful receivables and advances	80.86	5.25	-	-	86.11
(iii) Re-measurement of defined benefit liability	97.77	13.07	(0.86)	-	109.98
(iv) Valuation of loan under effective interest rate	(11.92)	11.71	-	-	(0.21)
(v) MAT carry forward	524.57	23.71	-	(162.27)	386.01
(vi) Measurement of security deposits at fair value	89.97	(8.99)	-	-	80.98
Total	**657.81**	**65.06**	**(0.86)**	**(162.27)**	**559.74**

Significant components of deferred tax asset / (liability) for the year ended 31 March 2017 are as follows :

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT credit utilised	Closing Balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961.	(347.81)	224.37	-	-	(123.44)
(ii) Provision for doubtful receivables and advances	-	80.86	-	-	80.86
(iii) Re-measurement of defined benefit liability	22.79	74.45	0.53	-	97.77
(iv) Unabsorbed depreciation losses and other timing difference items	676.41	(676.41)	-	-	-
(iv) Valuation of loan under effective interest rate	(14.39)	2.47	-	-	(11.92)
(v) MAT carry forward	400.69	123.88	-	-	524.57
(vi) Measurement of security deposits at fair value	87.15	2.82	-	-	89.97
Total	**824.84**	**(167.56)**	**0.53**	**-**	**657.81**

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
7	**Other non-current assets**			
	Unamortised portion of security deposits	657.58	694.41	740.11
	Capital advances	131.27	62.88	137.81
	Balances with Government authorities (Good and Service Tax/ VAT/Service Tax recoverable)	1.41	53.07	32.19
	Advance taxes, net of provision	1,007.43	893.36	857.31
	Others	215.64	189.90	194.19
		2,013.33	**1,893.62**	**1,961.61**
	Unsecured, considered doubtful			
	Capital advances	2.00	2.00	2.00
	Less: Provision for doubtful advances	(2.00)	(2.00)	(2.00)
		-	-	-
		2,013.33	**1,893.62**	**1,961.61**

Notes to the Consolidated financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
8	**Inventories**			
	(At lower of cost or net realisable value)			
	Food and beverages	176.70	165.03	156.97
	Stores and spares	51.04	53.20	77.00
		227.74	**218.23**	**233.97**

Note:

a) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 2,026.85 lakhs (for the year ended 31 March 2017: ₹ 2,147.82 lakhs).

b) The mode of valuation of inventories has been stated in note 2 (k).

9	**Trade receivables**			
	Unsecured, considered good	2,329.00	1,876.84	1,531.17
	Unsecured, considered doubtful	384.37	431.79	353.76
		2,713.37	**2,308.63**	**1,884.93**
	Less: Allowance for doubtful receivables (expected credit loss allowance)	(384.37)	(427.29)	(353.76)
		2,329.00	**1,881.34**	**1,531.17**

Note:

No trade or other receivables are due from directors or other officers of the Company, either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

10	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts	1,252.40	1,080.93	706.13
	- in deposit accounts (with maturity upto 3 months)	819.77	424.27	132.41
	Cash on hand	36.40	26.29	41.61
		2,108.57	**1,531.49**	**880.15**
11	**Bank balances other than cash and cash equivalents**			
	Balances with banks			
	- in deposit accounts (with maturity more than 3 months but less than 12 months)	528.54	664.79	420.80
	- in deposit accounts (with maturity more than 12 months)	-	-	0.50
	- in deposit accounts earmarked for margin money for bank guarantee	-	57.16	72.93
	- Unpaid dividend account	2.47	1.49	3.22
		531.01	**723.44**	**497.45**
12	**Other financial assets**			
	Interest accrued	40.17	43.14	45.79
	Unbilled revenue	26.79	83.73	151.42
	Other receivables			
	- Unsecured, considered good	238.35	320.00	215.90
	- Unsecured, considered doubtful	1.85	1.85	1.85
		307.16	**448.72**	**414.96**
	Less: Provision for other receivables	1.85	1.85	1.85
		305.31	**446.87**	**413.11**
13	**Current tax assets (net)**			
	Advance tax, net of provision	108.18	87.25	72.33
		108.18	**87.25**	**72.33**

Notes to the Consolidated financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
14	**Other current assets**			
	(Unsecured, considered good)			
	Advances to suppliers	303.14	137.30	71.10
	Prepaid expenses	238.33	334.37	215.95
	Advances to employees	45.13	50.88	34.84
	Balances with Government authorities ((Good and Service Tax/ VAT/Service Tax recoverable)	25.28	29.24	46.85
	Others	8.07	32.26	18.54
		619.95	**584.05**	**387.28**

		As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs
15	**Share capital**						
	Authorised share capital						
	Equity shares of ₹ 10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
		5,00,00,000	**5,000.00**	**5,00,00,000**	**5,000.00**	**5,00,00,000**	**5,000.00**
	Issued, subscribed and fully paid up						
	Equity shares of ₹ 10 each	2,73,01,188	2,730.12	2,72,33,965	2,723.40	2,72,33,965	2,723.40
		2,73,01,188	**2,730.12**	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**

		As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs	Number	Amounts ₹ in lakhs
a)	**Reconciliation of equity share capital**						
	Balance at the beginning of the year	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**
	Add : Issued during the year under ESOP plan (refer note 46)	67,223	6.72	-	-	-	-
	Balance at the end of the year	**2,73,01,188**	**2,730.12**	**2,72,33,965**	**2,723.40**	**2,72,33,965**	**2,723.40**

		Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares
b)	**Shareholders holding more than 5% of the shares of the Company**						
	Equity shares of ₹ 10 each						
	Mr. Chander K. Baljee	1,20,01,060	43.96%	1,20,01,060	44.07%	1,20,14,560	44.12%
	Baljees Hotels and Real Estates Private Limited	57,14,689	20.93%	57,14,689	20.98%	57,14,689	20.98%
		1,77,15,749	**64.89%**	**1,77,15,749**	**65.05%**	**1,77,29,249**	**65.10%**

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.

Notes to the Consolidated financial statements *(continued)*

15 Share capital (cont'd)

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 2018. Further, the Company has not issued any shares without payment being received in cash.

e) Shares reserved for issue under options granted under the Company's Employee Stock Option Scheme, 2014 (refer note 46)

Particulars	As at 31 March 2018 Number	As at 31 March 2017 Number	As at 01 April 2016 Number
Ordinary Shares of ₹ 10 each	12,94,475	13,61,698	13,61,698

16 Other equity

For the year ended 31 March 2018

(₹ in lakhs)

	Reserves and Surplus						Items of OCI	
	Securities Premium Account	Share based payments Reserve	Retained Earnings	Foreign Currency Translation Reserve	Capital Reserve	General Reserve	DBO Remeasurement	Total Other equity
Balance as at 31 March 2017	**11,306.84**	**82.45**	**466.78**	**116.30**	**884.16**	**1,020.66**	**35.77**	**13,912.06**
Profit for the period	-	-	335.28	-	-	-	-	335.28
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	3.74	3.74
Total Comprehensive Income	**-**	**-**	**335.28**	**-**	**-**	**-**	**3.74**	**339.02**
Movements during the year	-	-	(16.24)	(150.33)	15.16	-	-	(151.41)
Securities premium on shares allotted during the year	74.82	-	-	-	-	-	-	74.82
Dividend	-	-	-	-	-	-	-	-
Tax on dividend	-	-	(39.55)	-	-	-	-	(39.55)
Recognition of share based payment	-	48.57	-	-	-	-	-	48.57
Balance as at 31 March 2018	**11,381.66**	**131.02**	**745.27**	**(34.03)**	**899.32**	**1,020.66**	**39.59**	**14,183.51**

For the year ended 31 March 2017

(₹ in lakhs)

	Reserves and Surplus						Items of OCI	
	Securities Premium Account	Share based payments Reserve	Retained Earnings	Foreign Currency Translation Reserve	Capital Reserve	General Reserve	DBO Remeasurement	Total Other equity
Balance as at 1 April 2016	**11,306.84**	**-**	**1,114.30**	**-**	**442.70**	**1,020.66**	**33.26**	**13,917.76**
Profit for the year	-	-	(346.16)	-	-	-	-	(346.16)
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	2.51	2.51
Total comprehensive income	**-**	**-**	**(346.16)**	**-**	**-**	**-**	**2.51**	**(343.65)**
Movements during the year	-	-	236.62	116.30	61.02	- -		413.94
Dividend	-	-	(272.34)	-	-	-	-	(272.34)
Tax on dividend	-	-	(75.84)	-	-	-	-	(75.84)
Acquisition of non-controlling interest	-	-	(190.70)	-	380.44	-	-	189.74
Recognition of share based payment	-	82.45	-	-	-	-	-	82.45
Acquisition of non-controlling interest in Subsidiary								-
Balance as at 31 March 2017	**11,306.84**	**82.45**	**465.88**	**116.30**	**884.16**	**1,020.66**	**35.77**	**13,912.06**

Notes to the Consolidated financial statements *(continued)*

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
17	**Borrowings**			
	Secured			
	Indian rupee term loan			
	from Banks (refer note (A (i) & (ii) below)	-	-	4,897.57
	from financial institutions (refer note B below)	9,523.86	10,166.70	4,043.69
	from others (refer note C below)	500.00	500.00	500.00
	Vehicle loans (refer note A (iii) below)	46.54	47.56	63.34
		10,070.40	**10,714.26**	**9,504.60**
	Less: Current maturities of long-term debt (refer note (D) below)	699.13	733.15	2,634.35
		9,371.27	**9,981.11**	**6,870.25**
	Unsecured			
	From directors (refer note E (i) below)	155.09	25.00	-
	From a body corporate in which a Director is interested (refer note E (ii) below)	80.00	80.00	-
		235.09	**105.00**	**-**
		9,606.36	**10,086.11**	**6,870.25**

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 ₹ 4,500.00 lakhs 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 and bears interest rates ranging between 15.70% and 16.75%. The loan is secured by way of paripassu 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 guarantee of a Director and one of the Directors of the Holding Company. The balance outstanding as at 31 March 2017 is ₹ Nil (01 April 2016: ₹ 1,077.57 lakhs).

ii) During the year ended 31 March 2010, Ksheer Sagar Developers Private Limited ("KSDPL"), a subsidiary company availed a term loan of ₹ 7,000 lakhs 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 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%. During the year ended 31 March 2017, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2017 is ₹ Nil (01 April 2016: ₹ 3,820 lakhs).

iii) The Holding Company and two of its subsidiaries had availed vehicle loans which are secured by the hypothecation of the vehicles concerned and bear interest rate of 10-12% per annum. These vehicle loans are repayable in monthly installments, commencing from July 2010 till November 2020. The outstanding balance of such vehicle loans as at 31 March 2018 is ₹ 46.54 lakhs (31 March 2017: ₹ 47.55 lakhs; 01 April 2016: ₹ 63.34 lakhs).

B) **Details of terms of repayment, guarantee and security for term loans from financial institution**

i) The Holding Company had availed an Indian Rupee term loan from Tourism Finance Corporation of India Limited (TFCIL) for ₹ 5,000 lakhs 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 ₹ 125 lakhs - ₹ 155 lakhs and bear annual interest rate at TFCIL Base Rate (currently at 10.55%) plus 1.25% i.e. 11.80% (31 March 2017: TFCIL Base Rate 12.25% plus 1.25% i.e. 13.50%).

The term loan balance outstanding as at 31 March 2018 is ₹ 3,635.29 lakhs (31 March 2017: ₹ 4,117.28 lakhs; 01 April 2016: ₹ 4,043.69 lakhs)

ii) During the year ended 31 March 2017, Icon has availed an Indian rupee term loan ('the loan') from SREI Infrastructure Private Limited (SREI) for ₹ 1,800.00 lakhs towards replacing the existing debt, working capital and capital expenditure requirements of the Company.

The loan is secured by way of mortgage of the hotel property and exclusive charge by way of hypothecation of all movable assets, current assets, loans and advances, long term and short term investments of the Company, both present and future. Further, the loan is secured

Notes to the Consolidated financial statements *(continued)*

17 Borrowings (cont'd)

by way of exclusive charge by way of pledge of 100% of fully paid-up equity shares of the Company. Additionally, the loan is secured by Corporate Guarantee of the Holding Company and the personal guarantees of Mr. P. Dayanand Pai (Director) and Mr. Chander K. Baljee (Managing Director of the Holding Company).

The loan is repayable in 108 equal monthly instalments of ₹ 16.67 lakhs post moratorium of 12 months from the initial disbursement date and bear an annual interest rate of 14% i.e. SREI Benchmark Rate +/- 3.75% (spread).

The term loan balance outstanding as at 31 March 2018 is ₹ 1,764.94 lakhs (31 March 2017: ₹ 1,747.26 lakhs)

iii) During the year ended 31 March 2017, KSDPL has availed an Indian rupee term loan ('the loan') from Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO) for ₹ 4,500.00 lakhs towards swapping of term loan of ₹ 4,000.00 lakhs and overdraft limit of ₹ 500.00 lakhs extended by IDBI Bank for setting up of Royal Orchid Hotel, Jaipur ('the hotel'). The loan is secured by exclusive first charge on the entire existing fixed assets acquired and fixed assets to be acquired for the hotel project. Additionally, the loan is secured by Corporate Guarantee of Royal Orchid Hotels Limited (' the Joint Venturer') and the personal guarantees of Mr. Jagdish Prasad Tambi (Director) and Mr. Chander K. Baljee (Director of the Joint Venturer).

The loan is repayable in 31 quarterly instalments ranging from ₹ 45.00 lakhs - ₹ 220.00 lakhs commencing from May 15' 2016 and bear an interest rate of 13.25% p.a. on quarterly compounding basis for first three years and thereafter at prevailing lending rate subject to satisfactory repayment behaviour for first three years.

The term loan balance outstanding as at 31 March 2018 is ₹ 4,123.63 lakhs (31 March 2017: ₹ 4,302.16 lakhs)

C) Details of terms of repayment, guarantee and security for secured loans from others

Secured by way of first charge on the fixed assets and current assets of Rivershore Developers Private Limited (formerly Amartara Hospitality Private Limited), a subsidiary company, both present and future. The loan bears interest rate of 18% p.a. The balance outstanding as at 31 March 2018 is ₹ 500.00 lakhs (31 March 2017: ₹ 500.00 lakhs; 01 April 2016: ₹ 500.00 lakhs)

D) The current portion of the long-term loans where instalments are due within one year have been classified as "current maturities of long-term debt" under other financial liabilities. (refer note 25)

E) i) Unsecured loans from directors are interest free except ₹ 25.00 lakhs (as at 31 March 2017: ₹ 25.00 lakhs; as at 01 April 2016: Nil) which bears an interest rate of 18% per annum.

ii) The unsecured loans bear an interest rate of 18% per annum.

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
18	**Trade Payables**			
	Acceptances	-	-	-
	Other than acceptances	113.19	367.52	-
		113.19	**367.52**	**-**
19	**Other Financial Liabilities**			
	Interest accrued but not due on borrowings	19.22	34.13	-
	Security deposits received	30.00	30.00	-
	Payable towards investment in a subsidiary	197.94	174.40	-
		247.16	**238.53**	**-**
20	**Long-term provisions**			
	Employee benefits			
	Gratuity (refer note 38(b))	270.62	217.62	182.53
	Compensated absences (refer note 38(c))	105.52	83.47	70.73
		376.14	**301.09**	**253.26**
21	**Deferred tax liability (net)**			
	Deferred tax liabilities on			
	Depreciation and amortisation	89.13	97.07	118.86
	Timing difference on amortisation	298.63	367.48	409.59
		387.76	**464.55**	**528.45**
	Deferred tax assets on			
	Unabsorbed depreciation	310.25	425.62	427.49
	Provision for employee benefits	17.32	6.57	5.65
	Provision for doubtful receivables	13.43	20.34	12.35
	Others	0.42	0.41	3.28
		341.42	**452.94**	**448.77**
	Net Deferred tax liabilities	**46.34**	**11.61**	**79.68**

Notes to the Consolidated financial statements *(continued)*

21 Deferred tax liability (net) (cont'd)

Significant components of deferred tax asset / (liability) for the year ended 31 March 2018 are as follows :

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961	464.55	(76.79)	-	387.76
(ii) Provision for doubtful receivables	(20.34)	6.91	-	(13.43)
(iii) Re-measurement of defined benefit liability	(6.57)	(11.03)	0.28	(17.32)
(iv) Unabsorbed depreciation losses and other timing difference items	(425.62)	115.37	-	(310.25)
(v) Measurement of security deposits at fair value	(0.41)	(0.01)	-	(0.42)
Total	**11.61**	**34.45**	**0.28**	**46.34**

Significant components of deferred tax asset / (liability) for the year ended 31 March 2017 are as follows :

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961	528.45	(63.90)	-	464.55
(ii) Provision for doubtful receivables	(12.35)	(7.99)	-	(20.34)
(iii) Re-measurement of defined benefit liability	(5.65)	(0.81)	(0.11)	(6.57)
(iv) Unabsorbed depreciation losses and other timing difference items	(427.49)	1.87	-	(425.62)
(v) Measurement of security deposits at fair value	(3.28)	2.87	-	(0.41)
Total	**79.68**	**(67.96)**	**(0.11)**	**11.61**

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
22 Other non-current liabilities			
Deferred revenue arising from Government grant related to assets	26.71	50.00	73.30
Advance received from customers	42.50	42.50	42.50
	69.21	**92.50**	**115.80**

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
23 Short-term borrowings			
Secured			
Loans repayable on demand from a bank (refer note (i) & (ii) below)	-	-	580.00
Unsecured			
Loans repayable on demand			
from related parties (refer note (iv) below)	96.97	97.01	97.27
from shareholders (refer note (iv) below)	151.07	151.07	4.18
from a director (refer note (iii) below)	82.49	82.49	189.48
from a body corporate in which a Director is interested (refer note (iii) below)	-	-	80.00
	330.53	**330.57**	**950.93**

Note:

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. Balance outstanding as at 31 March 2018 is ₹ Nil (31 March 2017 is ₹ Nil, 1 April 2016 is ₹ 250 lakhs)

Notes to the Consolidated financial statements *(continued)*

23 Short-term borrowings (cont'd)

ii) During the year ended 31 March 2016, KSDPL has been sanctioned overdraft facility from IDBI Bank Limited for ₹ 500 lakhs bearing an interest rate at IDBI's Base rate + 400bps (presently @ 10%base rate +4% spread i.e 14%). The same is secured by first charge on all movable and immovable assets of the Company and extension of existing charge on the movable and immovable assets of Hotel Royal Orchid Jaipur. The overdraft is further secured by personal guarantee of Mr. Jagdish Prasap Tambi and Corporate guarantee of Royal Orchid Hotesl Limited. During the year ended 31 March 2017, the Company has repaid the entire overdraft facility outstanding as on date. Balance outstanding as at 31 March 2017 is ₹ Nil (01 April 2016: ₹ 330.00 lakhs).

iii) Unsecured loan from a Director and from a 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 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
24	**Trade payables**			
	Acceptances	-	-	-
	Other than acceptances	3,184.36	3,254.20	2,916.92
		3,184.36	**3,254.20**	**2,916.92**
25	**Other financial liabilities**			
	Current maturities of long-term debt (refer note 17)	699.13	733.15	2,634.35
	Interest accrued and due on borrowings	1,228.71	1,105.30	1,177.61
	Interest accrued and not due on borrowings	143.46	154.49	63.60
	Unclaimed dividends [refer note (a) below]	2.43	1.49	3.22
	Security deposit received	-	-	30.00
	Payables on purchase of fixed assets (including retention money payable)	185.63	214.06	132.85
	Book overdrafts	51.38	234.05	159.52
	Others	194.24	170.40	181.37
		2,504.98	**2,612.94**	**4,382.52**

Note:

a) The Holding company has transferred an amount of ₹ Nil (31 March 2017: ₹ 1.74 lakhs; 01 April 2016: ₹ 3.80 lakhs) to Investor Education and Protection Fund during the year.

		As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs	As at 01 April 2016 ₹ in lakhs
26	**Short-term provisions**			
	Employee benefits			
	Gratuity (refer note 38(b))	21.49	22.39	20.46
	Compensated absences (refer note 38(c))	37.68	29.86	27.31
		59.17	**52.25**	**47.77**
27	**Current tax liabilities (net)**			
	Provision for taxes (net of advance taxes)	187.50	81.83	71.37
		187.50	**81.83**	**71.37**
28	**Other current liabilities**			
	Statutory dues	405.82	435.47	680.43
	Advance received from customers	965.81	718.58	503.60
	Retention money payable	455.04	442.72	538.83
	Others	266.93	318.67	282.11
		2,093.60	**1,915.44**	**2,004.97**

Notes to the Consolidated financial statements *(continued)*

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
29	**Revenue from operations**		
	From sale of services at hotels		
	- Room nights	11,571.84	10,466.66
	- Food and beverages	5,920.94	5,762.85
	- Other services	529.26	530.95
	From hotel management and consultancy services	923.31	726.76
		18,945.35	**17,487.22**
30	**Other income**		
	Interest income		
	- on deposits with banks	76.39	79.68
	- on income tax refund	2.67	27.98
	- on others	0.93	1.25
	License Fee income	30.67	46.11
	Income under Government Incentive Scheme	23.30	23.30
	Interest income earned on Financial Assets that are not designated at fair value through Profit or Loss (refer note (i))	28.27	25.70
	Provisions no longer required, written back	55.38	437.92
	Recovery from managed properties	611.78	530.66
	Profit on sale of fixed assets (net)	-	3.65
	Miscellaneous	63.77	99.91
		893.16	**1,276.16**

Note:

(i) Pertains to interest income earned on account of discounting of the rental deposits.

31	**Food and beverages consumed**		
	Opening stock	165.03	156.97
	Add : Purchases during the year	2,038.52	2,155.88
		2,203.55	**2,312.85**
	Less : Closing stock	176.70	165.03
	Consumption	**2,026.85**	**2,147.82**
32	**Employee benefits expense**		
	Salaries and wages	3,993.31	3,815.74
	Contribution to provident fund (refer note 38(a))	158.93	122.79
	Gratuity expense (refer note 38(b))	92.31	67.56
	Share based payments to employees	75.88	82.45
	Staff welfare expenses	348.00	345.92
		4,668.43	**4,434.46**
33	**Finance costs**		
	Interest expenses		
	- on term loan	1,377.55	1,419.19
	- on present value accounting of liability towards investment in a subsidiary	23.54	3.47
	- on unsecured loan	51.60	48.09
	- on overdraft with a bank	-	29.22
	- on Interest on delayed/deferred payment of advance tax	7.13	21.35
	- on vehicle loans	5.14	5.18
	- on others	4.46	20.33
		1,469.42	**1,546.83**

Notes to the Consolidated financial statements *(continued)*

			Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
34	**Depreciation and amortisation**			
	Depreciation on tangible assets (refer note 3)		1,580.91	1,608.69
	Amortisation on intangible assets (refer note 3C)		0.88	3.62
			1,581.79	**1,612.31**

			Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
35	**Other expenses**			
	Guest transportation		134.47	149.75
	Linen and room supplies		334.16	320.99
	Catering and other kitchen supplies		142.94	152.34
	Cablenet charges		43.13	48.66
	Uniform washing and laundry		226.05	219.20
	Music and entertainment		43.38	79.18
	Banquet expenses		674.06	675.66
	Power, fuel and water		1,684.64	1,718.90
	Spa expense		20.92	16.59
	Garden, landscaping and decoration		49.64	43.77
	Security charges		174.57	185.65
	Communication		174.91	208.60
	Printing and stationery		114.75	117.37
	Subscription charges		69.18	51.70
	Rent		1,363.73	1,497.92
	Repairs and maintenance			
	- Buildings		151.17	121.74
	- Plant and equipment		240.19	254.96
	- Others		221.66	162.16
	Insurance		61.27	60.86
	Commission and brokerage		906.00	501.54
	Rates and taxes		578.28	504.53
	Legal and professional		677.30	672.35
	Travelling and conveyance		244.80	267.12
	Advertisement and business promotion		390.62	350.49
	Allowance for doubtful receivables (expected credit loss allowance)		84.80	78.15
	Bad receivables/deposit written off	127.72		
	Less: Write back of provision for doubtful receivables	127.72	-	-
	Directors' sitting fees		20.47	23.82
	Recruitment expenses		6.34	12.68
	Royalty		39.56	29.73
	Foreign exchange fluctuation loss*		15.44	167.21
	Bank charges		103.88	37.40
	Loss on sale/write off of assets		118.09	18.32
	Deposit written off		14.15	48.00
	Miscellaneous		190.00	213.36
			9,314.55	**9,010.70**

* Foreign exchange fluctuation loss (net) for the year ended 31 March 2017 includes ₹ 114.39 lakhs of loss relating to earlier years

Notes to the Consolidated financial statements *(continued)*

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
36	**Earnings per share**		
	Basic		
	Weighted average number of shares outstanding	27,248,715	27,233,965
	Net profit after tax attributable to equity shareholders in ₹ lakhs	245.95	(453.97)
	Basic earnings per share in ₹	0.90	(1.67)
	Nominal value per equity share in ₹	10	10
	Diluted		
	Weighted average number of shares outstanding	27,429,720	27,392,867
	Net profit after tax attributable to equity shareholders in ₹ lakhs	245.95	(453.97)
	Diluted earnings per share in ₹	0.90	(1.66)
	Nominal value per equity share in ₹	10	10

37 Related parties

Key Management Personnel (KMP)

Mr. Chander K. Baljee

Relatives of KMP

Mrs. Sunita Baljee

Mr. Sunil Sikka

Entities controlled by KMP

Baljees Hotels and Real Estate Private Limited

Hotel Staylonger Private Limited

Entities significantly influenced by KMP

Presidency College of Hotel Management

i) *The transactions with related parties for the year are summarised below:*

(₹ in lakhs)

Nature of transaction	Key Management Personnel		Relatives of KMP		Entity controlled by KMP	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on loans taken						
Baljees Hotels and Real Estate Private Limited	-	-	-	-	104.40	104.36
Mr. Chander K. Baljee	4.50	4.49	-	-	-	-
Remuneration						
Mr. Chander K. Baljee	210.03	182.64	-	-	-	-
Rental expense						
Baljees Hotel and Real Estates Private Limited	-	-	-	-	240.00	240.00
Hotel Staylonger Private Limited	-	-	-	-	60.00	60.00
Directors Sitting Fees						
Mr. Sunil Sikka	-	-	1.55	1.50	-	-
Mrs. Sunita Baljee	-	-	2.10	2.70	-	-

Notes to the Consolidated financial statements *(continued)*

37 Related parties (cont'd)

ii) Balances payable to/receivable from related parties are summarised below:

(₹ in lakhs)

Nature of transaction	Key Management Personnel			Relatives of KMP			Entity controlled by KMP		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Borrowings									
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	580.00	580.00	580.00
Mr. Chander K. Baljee	25.00	25.00	25.00	-	-	-	-	-	
Interest accrued and due on borrowings									
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	238.48	176.45	102.22
Mr. Chander K. Baljee	21.20	17.15	13.12	-	-	-	-	-	-
Trade Payable									
Mr. Chander K. Baljee	57.00	63.93	39.01	-	-	-	-	-	-
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	63.72	254.33	158.53
Hotel Staylonger Private Limited	-	-	-	-	-	-	134.01	113.19	69.77
Security deposit given									
Hotel Staylonger Private Limited	-	-	-	-	-	-	100.00	100.00	100.00
Mr. Chander K. Baljee	600.00	600.00	600.00	-	-	-	-	-	-
Security deposit payable									
Presidency college of Hotel Management	-	-	-	-	-	-	30.00	30.00	30.00
Personal guarantee taken outstanding									
Mr. Keshav Baljiee	-	-	-	-	-	3,500.00			
Mr. Chander K. Baljee	8,900.00	9,500.00	10,000.00	-	-	-	-	-	-

38 Employee benefit plans

a) Defined contribution plans

The Group 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 ₹ 158.93 lakhs (Year ended 31 March 2017: ₹ 122.79 lakhs) for Provident Fund contributions, and ₹ 56.20 lakhs (Year ended 31 March 2017: ₹ 41.50 lakhs) 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 Group offers gratuity benefit scheme to its employees in India as per 'The Payment of Gratuity Act, 1972'. Under the act, employee who has completed five years of service is entitled to gratuity benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following table sets out the status of the gratuity plan as required under Indian Accounting Standard (Ind AS) - 19 - Employee benefits:

38 Employee benefit plans (cont'd)

		Year ended 31 March 2018 ₹ in lakhs	Year ended 31 March 2017 ₹ in lakhs
(i)	**The amounts recognised in the Balance Sheet are as follows:**		
	Present value of the obligation as at the end of the year		
	Current Liability	21.49	22.39
	Non-Current Liability	270.62	217.62
	Fair value of plan assets as at the end of the year	-	-
	Net liability/ (assets) recognized in the Balance Sheet	**292.11**	**240.01**
(ii)	**Changes in the present value of defined benefit obligation**		
	Defined benefit obligation as at beginning of the year	240.01	202.99
	Service cost	74.67	51.33
	Interest cost	17.64	16.23
	Actuarial losses/(gains) arising from		
	- change in demographic assumptions	-	-
	- change in financial assumptions	(11.07)	14.09
	- experience variance (i.e. Actual experiences assumptions)	4.02	(15.29)
	Benefits paid	(33.16)	(29.34)
	Defined benefit obligation as at the end of the year	**292.11**	**240.01**
(iii)	**Components of net gratuity costs are**		
	Service cost	74.67	51.33
	Net interest cost on the net defined benefit liability	17.64	16.23
	Components of defined benefit costs recognised in Statement of Profit and Loss	**92.31**	**67.56**
(iv)	**Other comprehensive income**		
	Change in financial assumptions	(11.07)	14.09
	Experience variance (i.e. actual experience vs assumptions)	4.02	(15.29)
	Return on plan assets, excluding amount recognized in net interest expense	-	-
	Change in demographic assumptions	-	-
	Components of defined benefit costs recognized in other comprehensive income	**(7.05)**	**(1.20)**
(v)	**Assumptions used for actuarial valuation of gratuity and compensated absences**		
	Discount rate	7.80%	7.45%
	Salary escalation rate	7.00%	7.00%
	Mortality rates (IAL: Indian Assured Lives Mortality (2006-08))	100% of IAL	100% of IAL

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

(vi) Experience adjustments:

Particulars	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
Defined Benefit Obligation	292.11	240.01
Fair value of plan assets	-	-
(Surplus)/deficit	292.11	240.01
Experience adjustments on liabilities: gain/(loss)	4.02	(15.29)
Experience adjustments on plan assets: gain/(loss)	-	-

Notes to the Consolidated financial statements *(continued)*

38 Employee benefit plans (cont'd)

vii) Sensitivity analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

a. Interest Rate Risk:

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

b. Liquidity Risk:

This is the risk that the Group is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

c. Salary Escalation Risk:

The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d. Demographic Risk:

The Group has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e. Regulatory Risk:

Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of ₹ 10,00,000).

f. Asset Liability Mismatching or Market Risk:

The duration of the liability is longer compared to duration of assets exposing the Group to market risks for volatilities/fall in interest rate.

g. Investment Risk:

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase ₹ in lakhs	Decrease ₹ in lakhs	Increase ₹ in lakhs	Decrease ₹ in lakhs
Discount Rate (- / + 1%)	260.53	322.37	214.93	269.66
Salary Growth Rate (- / + 1%)	320.83	261.03	268.47	215.28
Mortality rate (- / + 10%)	289.04	288.90	240.05	239.98

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

viii) Maturity analysis of Defined Benefit Obligation

Particulars	As at 31 March 2018	As at 31 March 2017
Weighted average duration (based on discounted cashflows)	11.50 years	12 years
Expected cash flows over the next (valued on undiscounted basis):		
1 year	21.49	22.39
2 to 5 years	69.30	49.51
6 to 10 years	121.60	76.56
More than 10 years	595.27	523.59

c) Actuarial assumptions considered to determine the provision for compensated absence is same as gratuity provision.

Notes to the Consolidated financial statements *(continued)*

39 Segment information

The Managing Director of the Holding Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The Group's business comprises of operation of hotels and allied services, which represents one business segment as they are subject to risks and returns that are similar to each other. Consequently, the disclosure of business segment-wise information is not applicable to the Group. Further, the Group derives its entire revenue from services rendered in India.

Geographical segments of the Group are Tanzania and India. The carrying value of segment assets outside India is ₹ 1,783.49 lakhs (31 March 2017 : ₹ 1,802.45 lakhs; 01 April 2016 : ₹ 1,836.55 lakhs) and all other assets of the Group are situated in India. Additions to Capital work in progress during the year outside India is ₹ 0.5 lakhs (for the year ended 31 March 2017: ₹ 76.74 lakhs; 01 April 2016: ₹ 378.66 lakhs)

40 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash.

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Long term borrowings	9,606.36	10,086.11	6,870.25
Short term borrowings	330.53	330.57	950.93
Less: Cash and cash equivalents	(2,108.57)	(1,531.49)	(880.15)
Less: Bank balances other than cash and cash equivalents	(531.01)	(723.44)	(497.45)
Net debt	**7,297.31**	**8,161.75**	**6,443.58**
Equity	2,730.12	2,723.40	2,723.40
Other Equity	14,183.51	13,912.06	13,917.76
Total capital	**16,913.63**	**16,635.46**	**16,641.16**
Capital and net debt	**24,210.94**	**24,797.21**	**23,084.74**
Gearing ratio	**30%**	**33%**	**28%**

41 Operating leases

The Group 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 2018 is ₹ 1,363.73 lakhs (31 March 2017: ₹ 1,497.92 lakhs).

Notes to the Consolidated financial statements *(continued)*

41 Operating leases (cont'd)

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

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
Payments falling due:		
Within 1 year	302.52	536.92
Later than one year but not later than five years	766.95	931.84
Later than 5 years	1,808.31	1,939.40
Total	**2,877.78**	**3,408.16**

42 Commitments and contingencies

a) *Litigations*

i) The Holding Company has been named as a defendant in two civil suits on a portion of land taken on lease from the Karnataka State Tourism Development Corporation ("KSTDC") for the operation of the Hotel Royal Orchid, Bangalore, which are adjacent to the hotel premises. One of the civil suit has been settled in favour of the Company, against which an appeal before the High Court of Karnataka, is pending and in the other matter the Company has an injunction against the other party. Management believes that these cases are not material and will not adversely affect its operations.

ii) The Holding Company has been named as a defendant in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff' or "Kamat Hotels") with Bombay High Court restraining the alleged use of the trademark of the Holding Company and a relief of a permanent injuction restraining the Holding Company from using the trademark 'Orchid'. The Holding Company had filed an application seeking an interim injuction while the above proceedings are pending. The Bombay High Court vide its interim order dated 05 April 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 06 May 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 two favourable rulings from the Intellectual Property Appellate Board ("IPAB"). Kamat Hotels had preferred to appeal the ruling of IPAB in Madras High Court. The Madras High Court has passed orders cancelling the registration in Class 42 of Trademarks Act and the Holding Company has filed an Special Leave Petition "SLP" with the Honorable Supreme Court in 2015. Reply to SLP was filed by Kamat Hotels in the form of Counter affidavit and the Holding Company has filed a Rejoinder in the form of an affidavit. The matter was partly heard by the Honorable Supreme Court in April and May of 2017 and has advised Kamat Hotels to consider the options for settlement by displaying the disclaimers on the Websites regarding the disassociation between the two brands. On 13 February 2018, the Supreme Court dismissed the SLP filed by the Holding Company and consequently, the Holding Company has filed a Chamber Appeal against the said Order which is pending for listing. However, the management believes that the outcome of SLP affects only the registration of the trademarks in Class 42 and does not in any way affect the use of marks by the Holding Company. The management believes that the case will be settled in its favour and will not affect its current and future operations.

iii) During the prior years, a Subsidiary Company had received an Order from Office of the Commissioner of Customs (Export) imposing differential duties and penalties amounting to ₹ 323.36 lakhs plus applicable interests for certain alleged violations of the Export Promotion Capital Goods Scheme. The Subsidiary Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai and an unconditional stay in the matter is granted till the disposal of the appeal. Based on a detailed evaluation and independent advise 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.

iv) The Holding Company received tax demand including interest, from the Indian tax authorities for payment of ₹ 449 lakhs (31 March 2017: ₹ 426.20 lakhs; 01 April, 2016: ₹ 449 lakhs) 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 were disposed off by the appellate authorities in favour of the Company for fiscal year 2012 and allowed partial benefit in favour of the Company for fiscal years 2009 and 2011. Currently, the matter for these fiscal years are before the Income Tax Appellate Tribunal for hearing. The Company is contesting the above demands and the management believes that it is more-like-than-not that the advance tax receivables (net of provision) recorded in the financial statements towards the tax demands is recoverable. Considering the facts and nature of disallowances, the Company believes that the final outcome of the disputes should be in favour of the Company and will not have any material adverse effect on the financial position and results of operations.

Notes to the Consolidated financial statements *(continued)*

43 Payment to auditors

	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
For audit fees		
- to auditors of the Holding Company	40.25	35.00
- to auditors of Subsidiary Companies	26.60	24.34
For reimbursement of expenses	1.34	0.61
	68.19	**59.95**

44 Fair value measurements

(i) Financial instruments by category

The following table presents the fair value of assets and liabilities measured at fair value on a recurring basis and measured at amortised cost basis:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
A. Financial assets			
a) Measured at amortised cost			
Non-current assets			
(i) Investments	2.25	2.25	2.25
(ii) Other non-current financial assets	2,012.37	1,964.59	1,714.00
Current assets			
(i) Trade receivables	2,329.00	1,881.34	1,531.17
(ii) Cash and cash equivalents	2,108.57	1,531.49	880.15
(iii) Bank balances other than cash and cash equivalents	531.01	723.44	497.45
(iv) Other financial assets	305.31	446.87	413.11
	7,288.51	**6,549.98**	**5,038.13**
b) Measured at fair value through OCI	-	**-**	**-**
c) Measured at fair value through profit or loss	-	**-**	**-**
Total financial assets	**7,288.51**	**6,549.98**	**5,038.13**
B. Financial liabilities			
a) Measured at amortised cost			
Non-current liabilities			
(i) Borrowings	9,606.36	10,086.11	6,870.25
(ii) Trade Payables	113.19	367.52	-
(iii) Other non-current financial liabilities	247.16	238.53	-
Current liabilities			
(i) Borrowings	330.53	330.57	950.93
(ii) Trade payables	3,184.36	3,254.20	2,916.92
(iii) Other financial liabilities	2,504.98	2,612.94	4,382.52
	15,986.58	**16,889.87**	**15,120.62**
b) Measured at fair value through OCI	-	**-**	**-**
c) Measured at fair value through profit or loss	-	**-**	**-**
Total financial liabilities	**15,986.58**	**16,889.87**	**15,120.62**

Notes:

(i) The fair value of trade receivables, trade payables and other Current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short – term nature.

(ii) The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(iii) The management assessed that for amortised cost instruments, the fair value approximates largely to the carrying amount.

Notes to the Consolidated financial statements *(continued)*

45 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

(A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group is exposed to this risk for various financial instruments. The Group maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current assets			
(i) Investments	2.25	2.25	2.25
(ii) Other non-current financial assets	2,012.37	1,964.59	1,714.00
Current assets			
(i) Trade receivables	2,329.00	1,881.34	1,531.17
(ii) Cash and cash equivalents	2,108.57	1,531.49	880.15
(iii) Bank balances other than cash and cash equivalents	531.01	723.44	497.45
(iv) Other financial assets	305.31	446.87	413.11
Total financial assets	**7,288.51**	**6,549.98**	**5,038.13**

A1: Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Group historical experience for customers.

The allowance/reversal for life time expected credit loss on customer balances for the year ended 31 March 2018 and as at 31 March 2017 is given below:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance at the beginning of the year	427.29	353.76	353.76
Impairment loss recognised	84.80	73.53	-
Impairment loss reversed	(127.72)	-	-
Balance at the end of the year	**384.37**	**427.29**	**353.76**

A2: Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

45 Financial risk management (cont'd)

(B) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group's non-derivative financial liabilities that have contractual maturities (including interest payments where applicable) are summarised below:

Maturities of financial liabilities

(₹ in lakhs)

As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	330.53	5,579.98	4,026.38	9,936.89
Trade payable	3,184.36	113.19	-	3,297.55
Other financial liabilities	2,442.97	247.16	-	2,690.13
Total	**5,957.86**	**5,940.33**	**4,026.38**	**15,924.57**
As at 31 March 2017				
Borrowings	330.57	6,269.00	3,817.10	10,416.67
Trade payable	3,006.79	367.52	-	3,374.31
Other financial liabilities	2,493.32	238.53	-	2,731.85
Total	**5,830.68**	**6,875.05**	**3,817.10**	**16,522.83**
As at 01 April 2016				
Borrowings	950.93	5,049.67	1,820.57	7,821.17
Trade payable	2,850.76	-	-	2,850.76
Other financial liabilities	4,218.14	-	-	4,218.14
Total	**8,019.83**	**5,049.67**	**1,820.57**	**14,890.07**

(C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency risk

The predominant currency of the Group's revenues and operating cash flows is Indian Rupees (INR). The Group is exposed to foreign exchange risk on account of advances given to its wholly owned subsidiary in foreign currency. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The predominant currency of the Group's revenues and operating cash flows is Indian Rupees (INR). The Group does not have foreign currency denominated financial assets and liabilities which expose the Group to currency risk.

(ii) Interest rate risk

a) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2018, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits pay fixed interest rates.

Notes to the Consolidated financial statements *(continued)*

45 Financial risk management (cont'd)

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Variable rate borrowing	9,523.86	10,166.63	9,521.26
Fixed rate borrowing	1,112.16	983.20	934.27
Total borrowings	**10,636.02**	**11,149.83**	**10,455.53**
Amount disclosed under other current financial liabilities	699.13	733.15	2,634.35
Amount disclosed under borrowings	9,936.89	10,416.68	7,821.18

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Interest sensitivity		
Interest rates – increase by 100 basis points (100 bps)	95.24	101.67
Interest rates – decrease by 100 basis points (100 bps)	95.24	101.67

(ii.b) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

46 Information in respect of Options granted under the Company's Employee Stock Option Scheme, 2014

Sl. No.	Particulars	ROHL Employee Stock Option Scheme, 2014 ('the ESOP Scheme 2014)
1	Date of Shareholders' approval	29 September 2014
2	Total number of Options approved under the Plan	Options equivalent to 1,361,698 Ordinary Shares of ₹ 10 each.
3	Vesting Schedule	The vesting period for conversion of Options is as follows: - 1/3rd vests on completion of 12 months from the date of grant of the Options. - 1/3rd vests on completion of 24 months from the date of grant of the Options. - 1/3rd vests on completion of 36 months from the date of grant of the Options.
4	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is at such price, as determined by the Board of Directors ('the Board'), which is no lower than closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the date of grant and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price or the 'Market Price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Guidelines/Regulations.
5	Maximum term of Options granted	Five years from the date of vesting.
6	Source of Shares	Primary
7	Variation in terms of Options	None
8	Method used for accounting of share-based payment plans	The employee benefit expense pertaining to share-based payments has been calculated using the fair value method of accounting for Options issued under the Company's ESOP scheme 2014. The employee benefit expense as per the fair value method for the financial year 2017-18 is ₹ 26.45 lakhs (2016-17: ₹ 28.71 lakhs).

Notes to the Consolidated financial statements *(continued)*

46 Information in respect of Options granted under the Company's Employee Stock Option Scheme, 2014 (cont'd)

9	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price per Option: ₹ 84.34 (31 March 2017: ₹ 80.71) Weighted average fair value per Option: ₹ 42.31 (31 March 2017: ₹ 40.62)

10 Details of Employee Stock Option granted during the financial year, but not vested as on 31 March 2018:

Date of grant	Number	Financial year of vesting	Exercise price in ₹	Fair value at grant date in ₹
12 October 2017	39,000	2018-19, 2019-20 and 2020-21	127.05	62.17

Details of Employee Stock Option granted during the financial year, but not vested as on 31 March 2017:

Date of grant	Number	Financial year of vesting	Exercise price in ₹	Fair value at grant date in ₹
30 May 2016	383,250	2017-18, 2018-19 and 2019-20	80.85	40.69
04 February 2017	75,750	2017-18, 2018-19 and 2019-20	80.00	40.27

11 Fair value on the grant date

The fair value at grant date is determined using Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 March 2018 are as follows:

a. Weighted average exercise price ₹ 127.05 (31 March 2017: ₹ 80.71)

b. Grant date: 12 October 2017 (31 March 2017: 30 May 2016 and 04 February 2017)

c. Vesting year: 2018-19 to 2020-21 (31 March 2017: 2017-18 to 2019-20)

d. Share price at grant date: ₹ 127.05 (31 March 2017: ₹ 80.85 at 30 May 2016 and ₹ 80.00 at 04 February 2017)

e. Expected price volatility of Company's share: 48.50% (31 March 2017: 50.82%)

f. Expected dividend yield: 0.00% (31 March 2017: 0.00%)

g. Risk free interest rate: 7.00% (31 March 2017: 7.00%)

The expected price volatility is based on the historic volatility (based on remaining life of the options).

12 Summary of status of Options

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Options	Weighted Average Exercise Prices in ₹	No. of Options	Weighted Average Exercise Prices in ₹
Outstanding at the beginning of the year	459,000	80.71	-	-
Add: Granted during the year	39,000	127.05	459,000	80.71
Less: Lapsed during the year	-	-	-	-
Less: Exercised during the year	67,223	80.69	-	-
Outstanding at the end of the year	430,777	80.71	459,000	80.71
Options exercisable at the end of the year	85,777	80.73	-	-

13 Share Option Exercised during the year:

Option Series	Number of shares exercised	Exercise Date	Share Price at exercise date NSE
Series I - Granted as on 30 May 2016	14,500	20 November 2017	151.95
Series I - Granted as on 30 May 2016	19,250	07 December 2017	164.25
Series I - Granted as on 30 May 2016	21,223	03 March 2018	186.90
Series II - Granted as on 04 February 2017	12,250	03 March 2018	186.90

Notes to the Consolidated financial statements *(continued)*

47 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

(₹ in lakhs)

	Name of the entity	Net Assets as at 31 March 2018		Share in Profit/(Loss) for year ended 31 March 2018		Share in Other Comprehensive Income for year ended 31 March 2018		Share in Total Comprehensive Income for year ended 31 March 2018	
		As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit/(loss)	Amount	As a % of consolidated profit/(loss)	Amount
	Parent								
	Royal Orchid Hotels Limited	9.77%	2,089.64	78.97%	190.49	(0.95%)	(0.05)	77.43%	190.44
	Indian subsidiaries								
1	River Shore Developers Private Limited *	18.85%	4,032.52	(85.80%)	(206.98)	0.00%	-	(84.16%)	(206.98)
2	Icon Hospitality Private Limited	10.71%	2,290.91	(36.76%)	(88.67)	(88.36%)	(4.18)	(37.75%)	(92.85)
3	Cosmos Premises Private Limited	8.53%	1,824.74	135.61%	327.13	15.17%	0.72	133.30%	327.85
4	Maruti Comforts & Inn Private Limited	7.85%	1,680.27	75.72%	182.66	31.09%	1.47	74.86%	184.13
5	Ksheer Sagar Developers Private Limited	4.99%	1,067.76	19.35%	46.67	73.99%	3.50	20.40%	50.17
6	Raj Kamal Buildcon Private Limited	2.26%	483.16	(2.26%)	(5.46)	0.00%	-	(2.22%)	(5.46)
7	JH Builders Private Limited	2.26%	483.32	(2.26%)	(5.46)	0.00%	-	(2.22%)	(5.46)
8	Ksheer Sagar Buildcon Private Limited	2.26%	483.16	(2.26%)	(5.46)	0.00%	-	(2.22%)	(5.46)
9	Royal Orchid Associated Hotels Private Limited	1.66%	354.05	10.17%	24.53	48.22%	2.28	10.90%	26.81
10	Royal Orchid Maharashtra Private Limited	1.09%	232.43	(1.41%)	(3.41)	0.00%	-	(1.38%)	(3.41)
11	Royal Orchid Hyderabad Private Limited	0.70%	148.74	(0.08%)	(0.20)	0.00%	-	(0.08%)	(0.20)
12	Royal Orchid Jaipur Private Limited	0.61%	131.14	(41.26%)	(99.53)	0.00%	-	(40.47%)	(99.53)
13	AB Holdings Private Limited	0.04%	8.04	(0.09%)	(0.22)	0.00%	-	(0.09%)	(0.22)
14	Royal Orchid Goa Private Limited	0.02%	4.32	(0.12%)	(0.29)	0.00%	-	(0.12%)	(0.29)
15	Royal Orchid Shimla Private Limited	0.02%	4.35	(0.08%)	(0.20)	0.00%	-	(0.08%)	(0.20)
16	Royal Orchid Mumbai Private Limited	(0.00%)	(0.64)	(0.08%)	(0.20)	0.00%	-	(0.08%)	(0.20)
17	Royal Orchid South Private Limited	(0.02%)	(4.23)	(0.45%)	(1.09)	0.00%	-	(0.44%)	(1.09)
	Foreign subsidiary								
1	Multi Hotels Limited	7.48%	1,599.95	(7.89%)	(19.03)	0.00%	-	(7.74%)	(19.03)
	Non-controlling interests in all subsidiaries	20.94%	4,478.47	(38.96%)	(94.06)	20.84%	0.99	(37.84%)	(93.07)
Total		**100.00%**	**21,392.10**	**100.00%**	**241.22**	**100.00%**	**4.73**	**100.00%**	**245.95**

**Formerly Amartara Hospitality Private Limited*

Notes to the Consolidated financial statements *(continued)*

47 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 (cont'd)

	Name of the entity	Net Assets as at 31 March 2017		Share in Profit/(Loss) for year ended 31 March 2017		Share in Other Comprehensive Income for year ended 31 March 2017		Share in Total Comprehensive Income for year ended 31 March 2017	
		As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit/(loss)	Amount	As a % of consolidated profit/(loss)	Amount
	Parent								
	Royal Orchid Hotels Limited	5.03%	1,078.14	83.09%	(378.57)	(765.93%)	(12.41)	86.12%	(390.98)
	Indian subsidiaries								
1	River Shore Developers Private Limited *	19.32%	4,142.51	23.23%	(105.85)	0.00%	-	23.32%	(105.85)
2	Icon Hospitality Private Limited	11.85%	2,541.19	11.82%	(53.85)	(115.30%)	(1.87)	12.27%	(55.72)
3	Cosmos Premises Private Limited	8.99%	1,928.02	(62.22%)	283.47	8.78%	0.14	(62.47%)	283.61
4	Maruti Comforts & Inn Private Limited	7.68%	1,646.08	(50.89%)	231.84	0.00%	-	(51.07%)	231.84
5	Ksheer Sagar Developers Private Limited	5.33%	1,141.68	(8.93%)	40.69	46.48%	0.75	(9.13%)	41.44
6	Raj Kamal Buildcon Private Limited	2.28%	488.62	1.20%	(5.46)	0.00%	-	1.20%	(5.46)
7	JH Builders Private Limited	2.28%	488.78	1.20%	(5.46)	0.00%	-	1.20%	(5.46)
8	Ksheer Sagar Buildcon Private Limited	2.28%	488.62	1.20%	(5.46)	0.00%	-	1.20%	(5.46)
9	Royal Orchid Associated Hotels Private Limited	1.40%	300.80	49.00%	(223.26)	981.06%	15.90	45.68%	(207.36)
10	Royal Orchid Jaipur Private Limited	1.38%	296.67	16.31%	(74.30)	0.00%	-	16.37%	(74.30)
11	Royal Orchid Maharashtra Private Limited	1.08%	232.61	0.06%	(0.29)	0.00%	-	0.06%	(0.29)
12	Royal Orchid Hyderabad Private Limited	0.69%	148.92	0.06%	(0.29)	0.00%	-	0.06%	(0.29)
13	AB Holdings Private Limited	0.04%	8.22	0.15%	(0.68)	0.00%	-	0.15%	(0.68)
14	Royal Orchid Goa Private Limited	0.02%	4.51	0.09%	(0.39)	0.00%	-	0.09%	(0.39)
15	Royal Orchid Shimla Private Limited	0.02%	4.54	0.06%	(0.29)	0.00%	-	0.06%	(0.29)
16	Royal Orchid Mumbai Private Limited	(0.00%)	(0.46)	1.16%	(5.29)	0.00%	-	1.16%	(5.29)
17	Royal Orchid South Private Limited	(0.02%)	(4.05)	0.42%	(1.94)	0.00%	-	0.43%	(1.94)
	Foreign subsidiary								
1	Multi Hotels Limited	7.93%	1,700.06	8.95%	(40.78)	0.00%	-	8.98%	(40.78)
	Non-controlling interests in all subsidiaries	22.42%	4,803.56	24.04%	(109.43)	(55.09%)	(0.89)	24.32%	(110.32)
Total		**100.00%**	**21,439.02**	**100.00%**	**(455.59)**	**100.00%**	**1.62**	**100.00%**	**(453.97)**

**Formerly Amartara Hospitality Private Limited*

48 First-time adoption of Ind AS

These are the Group's first Consolidated financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Group prepared its Consolidated financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Group has prepared the financial statements for the comparative period as at and for the year ended 31 March 2017 that comply with the applicable Ind AS, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its previous GAAP Consolidated financial statements, including the balance sheet as at 1 April 2016 and the comparative financial statements as at and for the year ended 31 March 2017.

Notes to the Consolidated financial statements *(continued)*

48 First-time adoption of Ind AS (cont'd)

A. Ind AS optional exemptions

A1.Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A2.Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

A3.Cumulative Translation Differences

The Group has elected the option to reset its cumulative translation differences on foreign operations that exist as on transition date to zero.

A4.Business Combination

The Group has elected not to apply Ind AS 103, Business Combinations, to business combinations occurred before the transition date.

B. Ind AS mandatory exemptions

B1. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition this was not required under the previous GAAP.

B2.Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application or retrospective restatement are not determinable; or

b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or

c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

B3. De-recognition of financial assets and liabilities

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

Notes to the Consolidated financial statements *(continued)*

48 First-time adoption of Ind AS (cont'd)

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

C1. Reconciliation of other equity

The Group has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

(₹ in lakhs)

Particulars	Note	As at 31 March 2017	As at 01 April 2016
Equity as reported under previous GAAP		**16,358.54**	**15,981.51**
Adjustments on account of:			
(i) Measurement of financial assets and liabilities at amortised cost	1 & 2	(178.77)	(218.58)
(ii) Adjustment of lease rent reserve	3	319.07	322.83
(iii) Depreciation due to change in the value of property, plant and equipment arising from government grants	4	121.51	152.86
(iv) Deferred tax on Ind AS adjustments	7	15.11	402.54
Equity under Ind AS		**16,635.46**	**16,641.16**

C2. Reconciliation of total comprehensive income

(₹ in lakhs)

Particulars		Year ended 31 March 2017
Profit after tax as reported under previous GAAP		**141.38**
Adjustments on account of:		-
(i) Measurement of financial assets and liabilities at amortised cost	1 & 2	77.84
(ii) Measurement of defined benefit obligation	6	(39.20)
(iii) Recognition of lease rentals on straight line basis	3	(3.76)
(iv) Reassessment of control	8	(126.08)
(v) ESOP expense recognised at fair value through profit or loss	5	(82.45)
(vi) Revenue arising from Government grant related to assets	4	23.30
(vii) Depreciation due to change in the value of fixed assets arising from government grants	4	(54.65)
(viii) Deferred tax on Ind AS adjustments	7	(391.97)
Profit after tax as reported under Ind AS		**(455.59)**
Other comprehensive income / (loss) (net of tax)		1.62
Total comprehensive income / (loss) as reported under Ind AS		**(453.97)**

C3. Notes

1. Borrowings

Ind AS 109, 'Financial Instruments' requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 01 April 2016 and 31 March 2017 have been reduced with a corresponding adjustment to retained earnings.

2. Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Group has recognized these security deposits at fair value and subsequently measured them at amortized cost. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid rent which would be amortized over a straight line basis over the period of the deposit.

Notes to the Consolidated financial statements *(continued)*

48 First-time adoption of Ind AS (cont'd)

3. Operating leases

Under the previous GAAP, operating lease payments were recognized as an expense in the statement of profit and loss on a straight-line basis. Under Ind AS, operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Group with expected inflationary costs. Accordingly the lease equalization reserve has been written back with a corresponding adjustment to retained earnings.

4. Government grant

Under the previous GAAP, the Export Promotion Capital Goods (EPCG) benefit received was netted off with the value of property, plant & equipment (PPE). Under Ind AS, the value of PPE has been grossed up and the EPCG benefit is treated as deferred revenue to the extent the export obligations are not met.

5. Employee stock option plan

Under previous GAAP, the intrinsic value of the employee stock option plan was recognised as an expense over the vesting period. Under Ind AS, the compensation cost of employee stock option plan is recognised based on the fair value of the options determined using an appropriate pricing model at the date of grant. Accordingly, the difference between the intrinsic value of the employee stock option plan and the fair value of the option on the date of grant has been adjusted in opening retained earnings and statement of profit and loss for 1 April 2016 and 31 March 2017 respectively.

6. Defined benefit obligation

Both under the previous GAAP and Ind AS, the Group recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.

7. Deferred tax

Deferred taxes have been recognised on the adjustments made on transition to Ind AS.

8. Reassement of Control

Under previous GAAP, an entity controls investee when it has ownership, directly or indirectly, of more than one- half of the voting power of the investee or control over composition of board of directors so as to obtain economic benefit from its activities. However under Ind AS 110, control is established if group has exposure to variable returns, decision making authority in investees for relevant activities and is entitled to remuneration which is directly linked with relevant activities of the investee. Accordingly, based on control assessment carried under Ind AS, certain investees as mentioned in Note 2(c) has been considered as subsidiary and accordingly income and expense for the year ended 31 March 2017 have been consolidated with that of the group using the principles laid down in Ind AS 110.

9. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under the previous GAAP.

49. On 28 May 2018, the Board of Directors of the Holding Company have proposed a final dividend of ₹ 1.50 per equity share in respect of the year ended 31 March 2018, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 492.89 lakhs (including dividend distribution tax).

50. During the year ended 31 March 2018, the Holding Company has recorded an exceptional income of ₹ 145.00 lakhs towards settlement on account termination of the Hotel Operation Agreement of a hotel at Chandigarh.

51. Approval of Financial Statements

The Consolidated financial statements were approved for issue by the board of directors on 28 May 2018.

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Dr. Ranabir Sanyal
Company Secretary & Compliance Officer
Mem.No.: F7814
Place : Bengaluru
Date : 28 May 2018

Amit Jaiswal
Chief Financial Officer

ROYAL ORCHID HOTELS LIMITED

Notice

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Royal Orchid Hotels Limited will be held on Friday, the 28th Day of September, 2018 at Royal Orchid Resort and Convention Center, Allalasandra, Bellary Road, Near Jakkur Flying Club, Yelahanka, Bengaluru - 560 068 at 05:00 p.m. to transact the following businesses:

ORDINARY BUSINESSES:

1. To consider and adopt:

   (a) the Audited Standalone Financial Statements of the Company for Financial Year ended March 31, 2018, 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, 2018, 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 herself for re-appointment.

3. To declare a dividend of ₹ 1.5/- per Equity Share of ₹ 10/- each for the Financial Year ended March 31, 2018.

SPECIAL BUSINESSES:

4. **To appoint Ms. Lilian Jessie Paul as an 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), Ms. Lilian Jessie Paul (DIN: 02864506), who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective November 02, 2017 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 Ms. Lilian Jessie Paul (DIN: 02864506), 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 3 (Three) years with effect from November 02, 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."*

5. **Modification of the Royal Orchid Hotels Limited Employee Stock Option Plan (ESOP), 2014.**

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

   "RESOLVED THAT *pursuant to Regulation 7(2) of SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and and all other applicable provisions, if any, read with Rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the member(s) be and is hereby accorded to modify the Royal Orchid Hotels Limited Employee Stock Option Plan (ESOP), 2014 to insert below mentioned Clause in Clause 15.5A of the Royal Orchid Hotels Limited Employee Stock Option Plan (ESOP), 2014;*

   "15.5 A: Notwithstanding anything contained elsewhere in the policy the employees who have given notice of resignation will not be eligible to apply/ receive allotment under ESOP and all the options issued to them that are not vested or exercised shall lapse."

   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

Ranabir Sanyal
Company Secretary &
Compliance Officer

Date: July 27, 2018
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

Notes:

1. **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

Notice *(continued)*

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.

2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item No. 4 & 5 set out above and details as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Revised Secretarial Standard – 2 on 'General Meeting' issued by the Institute of Company Secretaries of India with respect to Directors seeking appointment/ reappointment at this Annual General Meeting are annexed hereto as **ANNEXURE - A**.

3. The Register of Members and Share Transfer Books of the Company will remain closed from **September 22, 2018 to September 28, 2018 (both days inclusive)** for payment of dividend, if approved at the Annual General Meeting.

4. The Dividend on Equity Shares, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after October 01, 2018, to the Members whose names appear on the Company's Register of Members on September 21, 2018, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before September 21, 2018. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') as at the close of business hours on September 21, 2018.

5. Members are requested to note that, dividends if not encashed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the IEPF. The shares in respect of such unclaimed dividend are also liable to be transferred to the Demat Account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The details of the unpaid dividend are available at the website of the Company at the following link : http://www.royalorchidhotels.com/investors.

6. The Company has sent notice to all the Members whose Dividends are lying unclaimed against their name for seven consecutive years or more. Members are requested to immediately claim the unclaimed dividend amount due. In case the dividends are not claimed by the Members, necessary action will be initiated by the Company to transfer such shares to IEPF in the prescribed manner.

7. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in. Members can file only one consolidated claim in a financial year as per the IEPF Rules. For details, please refer to Corporate Governance Report which is a part of this Annual Report

8. 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).

9. 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.

   Members holding shares in physical form are requested to advise any change of address and are also requested to submit their specimen signatures duly attested by their Bank immediately to the Company. Members holding shares electronically in dematerialized form must advice any change of address to their respective DPs.

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

11. 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.

    As per the provisions of Section 72 of the Act, facility for making nomination is available to the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he/ she may submit the same in Form No. SH-14. Members holding shares in physical form are requested to submit the forms to the Company. Members holding shares in dematerialised form are requested to submit their forms to their DPs.

    Members holding shares in physical form are requested to share their PAN and specimen signature card with the Company / RTA Agent for due compliance of the applicable regulations.

12. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 29, 2015 from the conclusion of 29th AGM until the conclusion of 34th AGM to be held in the year 2020.
13. 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.
14. As an austerity measure, members/proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
15. 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.
16. 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.
17. 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.
18. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
19. Members may also note that Notice calling the Meeting will be available on Company's website viz., www.royalorchidhotels.com.
20. 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.
21. 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").
22. 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 27, 2018 at 17:00 Hrs.

The facility for voting through ballot paper, will also be made available at the Annual General Meeting (AGM) and the members attending the AGM who have not cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on Tuesday**, the 25th Day of September, 2018 at 09:00 (IST)** and ends on Thursday**, the 27th Day of September, 2018 at 17:00 (IST)**. 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 Friday, **the 21st Day of September, 2018** 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.

(iii) Click on Shareholders / Members.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. 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 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Notice *(continued)*

	For Members holding shares in Demat Form and Physical Form
Dividend Bank Details **OR** Date of Birth (DOB)	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. • 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).

(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 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. Apple and Windows phone users can download the App from the Apps Store and Windows phone stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **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 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.

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 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.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or send email to Company at inverstor@royalorchidhotels.com or contact the Company or Registrar & Share Transfer Agent.

(xxi) The result of voting shall be declared by the Chairman of the meeting on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.royalorchidhotels.com and will be communicated to the NSE Ltd. and BSE Ltd.

Other Instructions

The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on Cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date only shall be entitled to avail the facility of remote e-voting, as well as voting at the Meeting through ballot.

The Scrutinizer shall, immediately after the conclusion of voting at the General Meeting, would count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the Meeting, a consolidated

Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions.

The results of voting declared along with Scrutinizer's Report(s) will be published on the website of the Company (www.bseindia.com) and on the website of CDSL e-Voting www.evotingindia.com within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the Stock Exchanges where the Company is listed.

Restriction on transfer of physical shares & Procedure for demat of shares Amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to mandatory dematerialization for transfer of securities.

The amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only. According to the Circular, request for effecting transfer of securities shall not be processed unless the securities are held in the Dematerialized form with the depository with effect from 5th December, 2018.

Therefore Registrars and Transfer Agent and Company will not be accepting any request for transfer of shares in physical form with effect from 5th December, 2018.

This restriction shall not be applicable to the request received for transmission or transposition of physical shares. Shareholders are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account.

You may also visit web site of depositories viz. NSDL or CDSL for further understanding about the demat procedure: NSDL website: https://nsdl.co.in/faqs/faq.php (dematerialization) CDSL website: https://www.cdslindia.com/investors/open-demat.aspx

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 November 02, 2017 has appointed Ms. Lilian Jessie Paul as an Additional Director on the Board of Company to hold office till the next Annual General Meeting of the Company and therefore, her office is liable to be vacated at this Annual General Meeting. Your Board recommends appointment of Ms. Lilian Jessie Paul as an Independent Director of the Company for a period of 3 (Three) years, w.e.f. November 02, 2017 as per the terms of appointment letter dated November 02, 2017 and the term is not liable to retire by rotation. A brief resume of Ms. Lilian Jessie Paul is attached herewith as Annexure - I.

Ms. Lilian Jessie Paul has submitted a declaration to the Company to the effect that she meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Ms. Lilian Jessie Paul fulfils the conditions specified in the Act and the Rules framed there under for appointment as Non-Executive Independent Director and she is independent of the management. Ms. Lilian Jessie Paul has submitted, a declaration in prescribed Form DIR-8 to the effect that she 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 Ms. Lilian Jessie Paul 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 Ms. Lilian Jessie Paul 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 at the website of the Company at the following link: http://www.royalorchidhotels.com/investors.

Ms. Lilian Jessie Paul 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 Ms. Lilian Jessie Paul, 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

As per the present Royal Orchid Hotels Limited Employee Stock Option Plan (ESOP), 2014 (ESOP Policy), employees can apply for ESOP even after giving notice of resignation (during Notice Period). Hence it is proposed to revise the ESOP policy to restrict employees during notice period to apply/ receive allotment under ESOP by making the insertion proposed in the resolution of item no. 5. i.e.

Notice *(continued)*

"15.5 A: Notwithstanding anything contained elsewhere in the policy the employees who have given notice of resignation will not be eligible to apply/ receive allotment under ESOP and all the options issued to them that are not vested or exercised shall lapse."

As per regulation 7(2) of SEBI (Share Based Employee Benefits) Regulations, 2014 the company may by special resolution in a general meeting vary the terms of the scheme.

The Copy of the ESOP scheme is available on the website of the Company i.e. http://www.royalorchidhotels.com/investors. 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 a special resolution, for your approval.

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 India Exposition Mart Limited. Mr Sikka is also Managing Partner of Houzz N Dezins a leading Floor covering sourcing solutions provider
Qualification	Post Graduate in Commerce from University of Delhi
Experience	Mr. Sikka was one of the first to open a warehouse and distribution center in USA to market directly Floor Covering and Handicrafts from India and lived and gained experience for five years in early 80s on a L1 visa prior to returning to India. Mr. Sikka has won awards for development of Modern and Transitional Designs of Carpets at International Forums like Domotex, and is a regular speaker in Export Promotion forums like CEPC, EPCH and UPEPC . He is known for his passion for development of new Designs and textures in fashion colors for the Industry. Carpets and Handicrafts are a major source of employment in India and Mr. Sikka has been working with passion towards promoting and helping produce to international quality standards.
Shareholding in the Company	6975 equity shares of ₹ 10/- each
Terms and conditions of Appointment / re-appointment	Non-Executive Director Liable to retire by rotation

Name of the Director	**Ms. Lilian Jessie Paul**
Qualification	MBA from Indian Institute of Management, Calcutta, and a bachelor's degree in computer science and engineering from National Institute of Technology, Trichy.
Current position	Ms. Paul is Managing Director of Paul Writer Strategic Services Private Limited. She is also an independent director on the board of SQS India BFSI Ltd (SQSI: IN).
Experience	Ms. Paul has over two decades of experience as a marketer. She was Global Brand Manager of Infosys, headed marketing for iGATE (now a part of CapGemini) and was Chief Marketing Officer of Wipro Technologies. She commenced her career with Ogilvy & Mather Advertising. In 2010, Ms. Paul founded Paul Writer (www.paulwriter.com), a marketing advisory firm that works with clients to build profitable conversations amongst customers and prospects. Paul Writer itself is a vibrant community of 30,000 senior executives covering 95% of India's top firms. Clients include Adobe, IBM, LinkedIn, Microsoft, Oracle and Sodexo. Ms. Paul has conducted marketing workshops for firms such as Beroe, Cisco, Microsoft, SAP, Siemens, Tech Mahindra and many more. She is much in demand as a speaker at business conferences and was a speaker at the India Conference at Harvard in 2016. Ms. Paul is frequently cited as a marketing expert in publications and is the author of No Money Marketing, published by Tata McGraw-Hill.
Shareholding in the Company	Nil
Terms and conditions of Appointment / re-appointment	Independent Director Not liable to retire by rotation

Note: Details of No of meetings attended, Directorships, Membership and Chairmanship in Committees of Other Indian public companies are given in Corporate Governance Report.

ROYAL ORCHID HOTELS LIMITED

Corporate Identity Number (CIN): L55101KA1986PLC007392

Registered Office: No -1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka- 560 008
Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

THIRTY SECOND ANNUAL GENERAL MEETING – SEPTEMBER 28, 2018

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 THIRTY SECOND ANNUAL GENERAL MEETING of the Company held on Friday, the 28th Day of September, 2018 at 05:00 P. 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.

THIRTY SECOND ANNUAL GENERAL MEETING – SEPTEMBER 28, 2018
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 LIMITED

Corporate Identity Number (CIN): L55101KA1986PLC007392

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

Name:..Address:...

E-mail Id:...Signature:...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **THIRTY SECOND ANNUAL GENERAL MEETING** of the Company held on Friday, the 28th Day of September, 2018 at 05:00 P. 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:

S. No.	Resolutions	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 ended March 31, 2018	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 declare a dividend of ₹ 1.5/- per Equity Share of ₹ 10/- each for the Financial Year ended March 31, 2018.	Ordinary		
4	To appoint Ms. Lilian Jessie Paul,as an Independent Director of the Company	Ordinary		
5	Modification of the Royal Orchid Hotels Limited Employee Stock Option Plan (ESOP), 2014	Special		

Signed this ....day of ....2018.

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

THIRTY SECOND ANNUAL GENERAL MEETING – SEPTEMBER 28, 2018

ROYAL ORCHID HOTELS LIMITED

Corporate Identity Number (CIN): L55101KA1986PLC007392

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

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

Form No. MGT-12

POLL/BALLOT PAPER

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

(The members who are not able to attend the Annual General Meeting, can send their assent or dissent in writing in respect of the resolutions as set out in the Notice by sending the duly filled and signed Ballot/Form to the Scrutiniser, 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 27, 2018)

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 Financial year ended March 31, 2018	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 declare a dividend of ₹ 1.5/- per Equity Share of ₹ 10/- each for the Financial Year ended March 31, 2018.	Ordinary			
4	To appoint Ms. Lilian Jessie Paul, as an Independent Director of the Company	Ordinary			
5	Modification of the Royal Orchid Hotels Limited Employee Stock Option Plan (ESOP), 2014	Special			

Place:

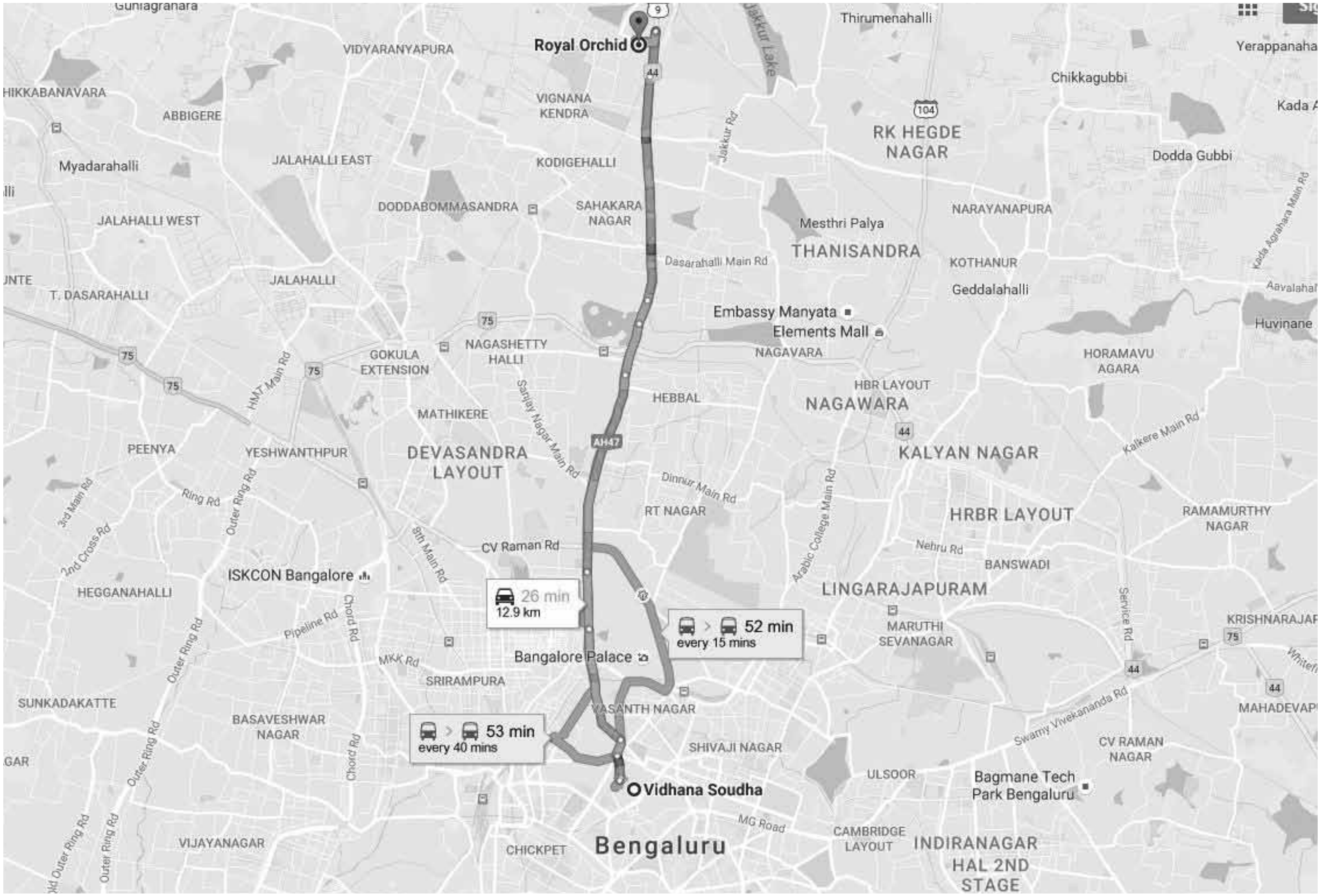
Date: **(Signature of the shareholder*)**

(*as per Company records)

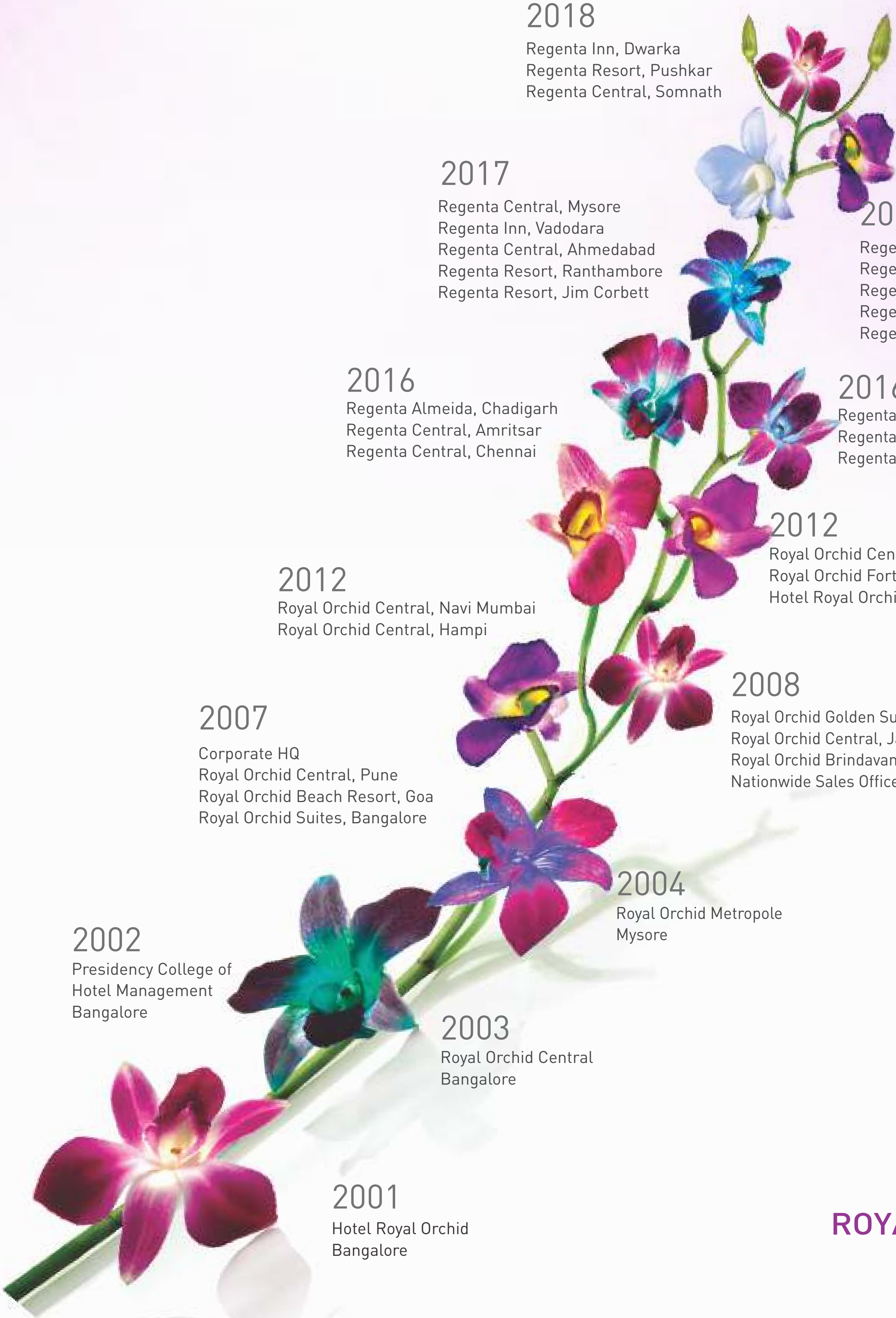
ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING

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

Landmark: Near Jakkur Flying Club, Yelahanka.



Milestones



2018

Regenta Inn, Dwarka
Regenta Resort, Pushkar
Regenta Central, Somnath

2018

Regenta Resort, Nashik
Regenta Central, Srinagar
Regenta Central Hestia

2017

Regenta Central, Mysore
Regenta Inn, Vadodara
Regenta Central, Ahmedabad
Regenta Resort, Ranthambore
Regenta Resort, Jim Corbett

2017

Regenta Central, Ludhiana
Regenta Inn, Kolkata
Regenta Central, Dehradun
Regenta Central, Indore
Regenta Central, Kanpur

2016

Regenta Almeida, Chadigarh
Regenta Central, Amritsar
Regenta Central, Chennai

2016

Regenta Inn, Bangalore
Regenta Resort, Varca Beach, Goa
Regenta Central Jhotwara, Jaipur

2012

Royal Orchid Central, Shimoga
Royal Orchid Fort Resort, Mussoorie
Hotel Royal Orchid, Jaipur

2012

Royal Orchid Central, Navi Mumbai
Royal Orchid Central, Hampi

2008

Royal Orchid Golden Suites, Pune
Royal Orchid Central, Jaipur
Royal Orchid Brindavan Garden, Mysore
Nationwide Sales Offices

2007

Corporate HQ
Royal Orchid Central, Pune
Royal Orchid Beach Resort, Goa
Royal Orchid Suites, Bangalore

2004

Royal Orchid Metropole
Mysore

2002

Presidency College of
Hotel Management
Bangalore

2003

Royal Orchid Central
Bangalore

2001

Hotel Royal Orchid
Bangalore

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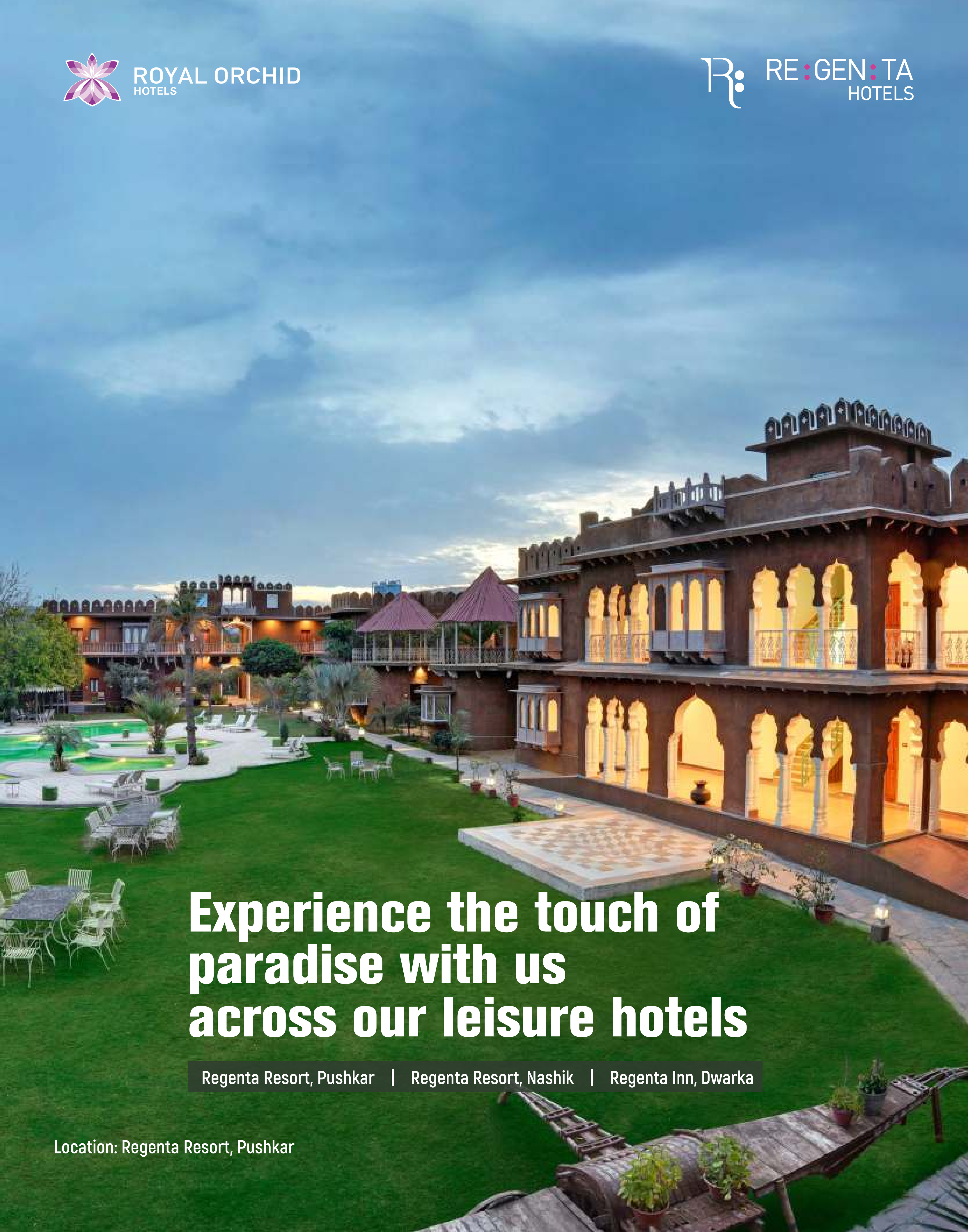
Regenta Central, Mysore | Regenta Central, Kanpur | Regenta Central, Indore
Location: Regenta Central, Ahmedabad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Location: Regenta Resort, Pushkar

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