

Annual Report
2013-2014 >>



Our Growth Story



Dear Shareholders,

The year, FY 2013 – 14 was a momentous tenure where we embarked into international waters and established 27 hotels during the year under review. Our efforts were focused towards guest's satisfaction with our partners through brand loyalty, building expertise and collaborative efforts.

Due to an increase in supply and economic slowdown in the global markets, the Company's revenues marginally dipped but having taken corrective measures; the Company is expected to register significant growth in the Gross Operating Profit by the fiscal year end.

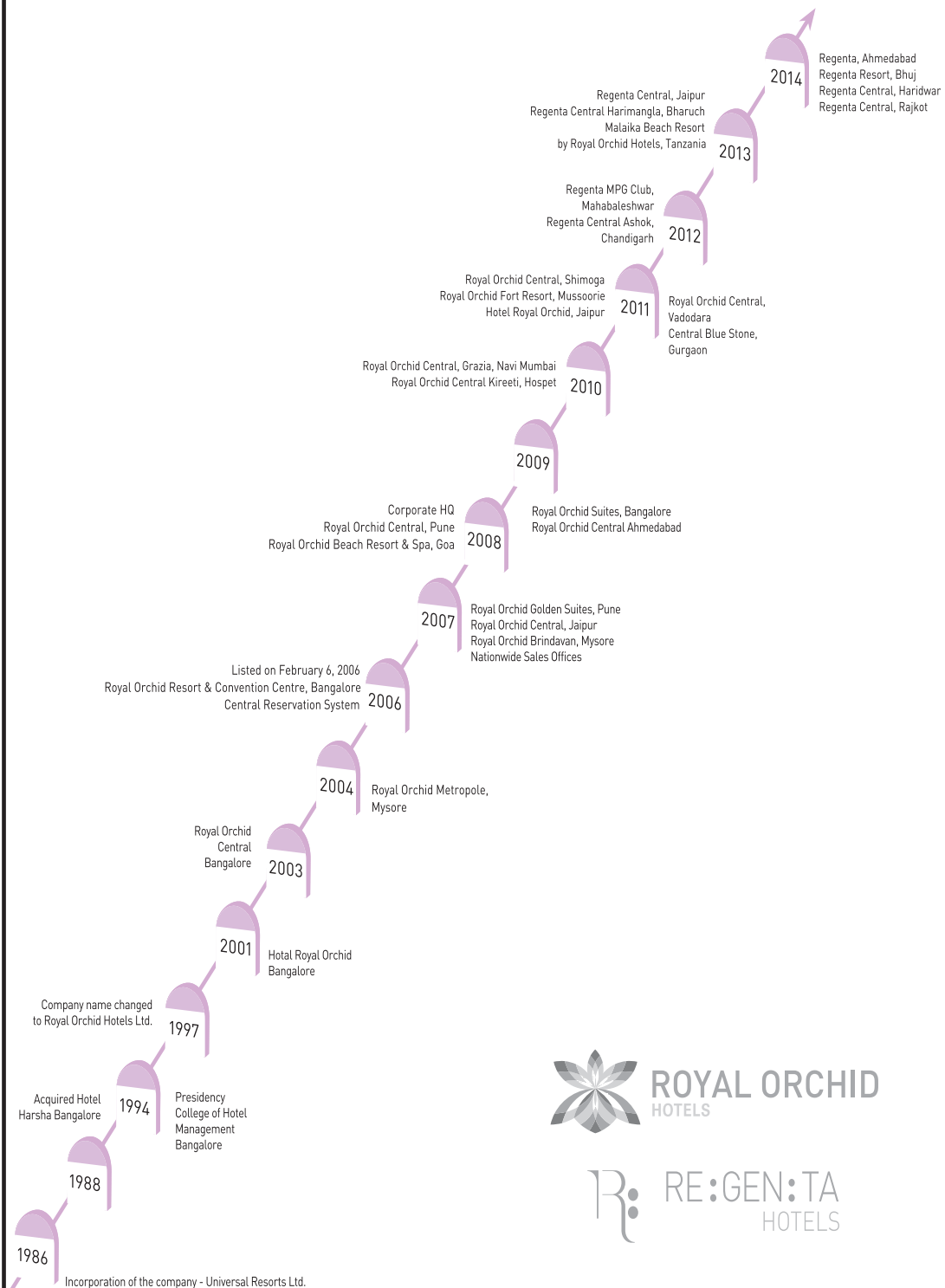
Our strategy is about making prudent choices, balancing risks and returns, building competitive advantages and envisioning growth. By adopting an 'asset-light approach', we have expanded the base through Management Contracts. We have also cleared our major debts through the sale of 'Regenta One Hyderabad', easing the liquidity position of the Company. Moreover, we have invested in our Loyalty programs to strengthen on customer base and reward them for their continuous patronage.

With new hotels into our fold, another major focus has been our continued efforts to scale our presence in the global markets with investments in infrastructure and leadership. With an expanding global economy, we foresee a rapid growth in demand and expect to double the size of our brand within the next three years. We have successfully captured the attention of the most discerning and demanding clientele in terms of luxury, comfort and value for money. Moreover, Royal Orchid Hotels has proven to be one of the most sought after hotel chain by committing to providing the highest cadre of hospitality.

As I close, I assure you that we remain firmly committed to delivering enhanced value to all our stake holders. We are confident of achieving outstanding results through focus and efficient execution.



Track Record



ROYAL ORCHID
HOTELS

RE:GEN:TA
HOTELS

BOARD OF DIRECTORS

Chairman & Managing Director
Whole time Director
Independent Directors

- Mr. Chander K Baljee
- Mr. Sunil Sikka
- Mr. R. V. S. Rao
- Mr. Vijay K Rekhi
- Mr. K Jairaj
- Ms. Payal Sharma

COMPANY SECRETARY

STATUTORY AUDITORS

- M/s. Walker Chandiok & Co. LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
WINGS, First Floor, 16/1, Cambridge Road,
Halasuru, Bengaluru 560008.

INTERNAL AUDITORS

- M/S. P Chandrasekar
Chartered Accountants
S- 512, S-514, Manipal Centre,
47, Dikenson Road,
Bengaluru 560 042

BANKERS

- State Bank of Hyderabad
State Bank of India
State Bank of Mysore
IDBI Bank Limited
Tourism Finance Corporation of India

REGISTERED OFFICE

- No -1, Golf Avenue, adjoining KGA Golf Course
HAL Airport Road
Bengaluru, Karnataka- 560 008
CIN : L55101KA1986PLC007392

REGISTRAR & SHARE TRANSFER AGENT

- Integrated Enterprises (India) Limited,
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram, Bengaluru – 560003.
080 - 23460815 – 818
alfint@vsnl.com

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DIRECTORS' REPORT



Dear Shareholders,

The Board of Directors of Royal Orchid Hotels Limited ('the Company') pleased to present the Twenty Eighth Annual Report and Audited Accounts of the Company for the financial year ended on March 31, 2014.

Financial Performance

The Company's Standalone and Consolidated Financial Performance for the year ended March 31, 2014 is summarised below:

(₹ in crores)

Financial Particulars	As on March 31, 2014		As on March 31, 2013	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	142.04	83.65	160.30	102.59
Other income	7.11	8.73	2.64	3.51
Total revenues	149.15	92.38	162.94	106.10
Employee benefit expense	31.33	17.78	36.35	23.03
Other expenses	89.93	56.62	105.85	75.30
Gross Operating profit	27.89	17.98	20.74	7.78
Finance costs	20.49	7.34	17.23	5.15
Depreciation	13.85	4.12	16.47	5.10
Total expenses	155.60	85.86	175.90	108.58
Loss/Profit before tax	(6.45)	6.52	(12.96)	(2.47)
Tax expense	3.84	4.41	0.06	(0.25)
Loss/Profit from discontinuation of business and sale of investments	(37.86)	(37.86)	3.88	4.15
Minority Interest	2.98	-	1.27	-
Loss/Profit for the year	(37.49)	(26.93)	(7.75)	1.43

Consolidated revenue from operations for the year ended March 31, 2014 was registered at ₹ 142.04 crores as compared to ₹ 160.30 crores. The decline in revenue was mainly due to closure of two hotels during the year under review. The hospitality sector continued to be adversely impacted by the weak economic environment both in International and Indian, besides there was significant increase in supplies in key Indian cities on the other.

The Consolidated gross operating profit during the year under review was ₹ 27.89 crores as against ₹ 20.74 crores in the previous year, registering a growth of 34.47%. The Consolidated net losses of ₹ 37.49 crores, is after considering ₹ 13.29 crore loss due to sale of fixed assets and ₹ 24.57 crores loss from operation due to discontinuance of business.

The gross operating profit of the Standalone has increased from ₹ 7.78 crores in the previous year to ₹ 17.98 crores registering a growth of 131%. Standalone losses for the year is ₹ 26.93 crores as compared to profit of ₹ 1.43 crores in financial year 2012-2013 and the loss was mainly due to discountinuation of business and sale of investments. During the year under review, two hotels Regenta One at Hyderabad and Regenta Resort in Delhi were closed as the market went down, cost of funding had gone up and return on investments was not lucrative. To avoid future losses and due to current economic impact, your company had disposed off these properties.

Key Business Developments

Royal Orchid Group, with 27 hotels, with 2373 keys, situated across India (5 in Bengaluru, 2 in Mysore, 1 in Hospet, 1 in Shimoga, 2 in Pune, 3 in Jaipur, 1 in Goa, 1 in Navi Mumbai, 1 in Mussoorie, 1 in Vadodara, 1 in Gurgaon, 1 in Mahabaleshwar, 1 in Chandigarh, 1 in Bharuch, 1 in Ahmedabad, 1 in Bhuj, 1 in Rajkot, 1 in Haridwar) goes international with 1 hotel in Tanzania on Lake Victoria. The Company is investing in a project at Tanzania and is expecting the government approvals for the project. Your Company has been continuing its expansion drive with upcoming hotels including Bombay, Jaipur and Nairobi and thus, many more new hotel projects are already in pipeline, to be established across major cities in India/abroad.

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

Directors' Report

Your Company is taking initiatives like creating demand for domestic leisure weekend travel which is already on the rise and cashing in through quality engagement as today's domestic traveler also has a keen interest in adventuring into areas which are rich in culture, heritage and close to nature and also areas like adventure sports.

The brand today is present across categories: 5-star Business and Leisure hotel, 4-star Business Hotels, and Longstay hotels, Resorts and Heritage properties. The brand Regenta is a contemporary arm of the Royal Orchid Hotel group.

With Sales Offices at Bengaluru, Delhi, Mumbai, Chennai, Jaipur, Goa, Pune, Shimoga, Mysore, Kolkata and Hyderabad, your Company is penetrating deep into the market for a better market share.

New Hotels opened during the year under review

Royal Orchid Malaika Beach Resort on Lake Victoria, Tanzania East Africa : The 50 suites Malaika Beach Resort is built on an imposing rock foundation with stunning views over Lake Victoria shoreline. The hotel is located minutes away from Mwanza Airport and a stone's throw from Mwanza's Central Business District, providing easy access to attractions such as Rubondo Island National Park and Western part of Serengeti National Park.

Regenta Central Harimangla, Bharuch : Located in the commercially active area of Harimangla, Regenta Central Bharuch is the first branded hotel servicing this landmark city. It is a perfect destination for conferences & meetings with ultra-modern conference facilities that consist of two Board Rooms that can accommodate up to 60 people and two pillar-less Conference Halls along with large sprawling lawns of about 12000 sqft area can take up to 1000 people.

Regenta Resort, Bhuj: It is a famous destination hub for shopping of handicraft work. One can witness ecologically rich areas and wildlife conservation areas in the district of Kutch. The resort is located in a tranquil destination surrounded by nature. The resort consists of 47 rooms and banquet amenities for M.I.C.E and weddings. Bhuj connects you to a range of civilizations and important events of South Asian history through prehistoric archaeological finds, remnants of the Indus Valley Civilization (Harappans), places associated with the Mahabharata and Alexander the Great's march into India. (source: Gujarat Tourism)

Regenta Ahmedabad: 'Regenta' Ahmedabad has 129 well appointed rooms with facilities like express check in, wi-fi access, multi party video conferencing and more. The hotel has 3 banquet halls which together can accommodate up to 700 guests ideal for weddings, business launch or events. It is also equipped with 6 break-out meeting rooms that can accommodate up to 20 persons with facilities for video conferencing, which include LCD projectors, sound & light systems.

Appropriations

With a view to conserve cash for future growth and investment in our businesses, the Board has not recommended distribution of dividend for the fiscal year 2013-14. No amount has been transferred to general reserve during the year.

Fixed Deposits

In terms of the provisions of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the Company had no opening or closing balances and also has not accepted any fixed deposits during the year under review and as such, no amount of principal or interest was outstanding as on March 31, 2014.

Board Committees

The Company has various Committees of the Board, including Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee. Details of which are provided in the Corporate Governance Report.

Subsidiaries

Your Company has 13 Indian Subsidiaries and 1 Foreign Subsidiary as on the financial year ended March 31, 2014, details of which is given under notes to accounts.

Pursuant to Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated February 8, 2011 has provided an exemption to companies from attaching the Directors' Report, Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies along with the Balance Sheet of the Holding Company, provided, such holding companies publish the audited consolidated financial statements in the Annual Report. A statement containing brief financial details of the Company's Subsidiary for the financial year ended March 31, 2014 is included in the Annual 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 during office hours at the Registered Office of the Company.

Awards and Recognitions

- At Bengaluru Management Association's 61st Anniversary Awards 2014 Royal Orchid Hotels was recognized as one of the strongest pillars of Bengaluru's Business World. Royal Orchid Hotels was the only Hotel Company awarded at this prestigious forum and Mr. Baljee was felicitated as the "Hero of Bengaluru".
- National Energy Conservation Award by Govt. of India, Ministry of Power in 2013.
- At the prestigious National Tourism Awards in New Delhi, the ministry of Tourism named Royal Orchid Central, Pune. "The Best Three Star Hotel " presented by Hon'ble Vice President of India.
- Royal Orchid Central, Grazia, Navi Mumbai won the "Best Emerging Business Hotel at the Golden Star Awards 2010.
- Royal Orchid Hotels Ltd was awarded as one of the "Bengaluru's Hot 50 Best Brands based out of the city of Bengaluru" at Brand Summit and Awards on June 13, 2014, presented by Hindustan Times and organized by Paul Writer.

Litigation on Trade Mark

Royal Orchid Hotels Ltd. (ROHL) and Kamat Hotels Pvt. Ltd. (KHPL) are having a dispute over the use of the name ORCHID. In a suit filed by KHPL before the Bombay High Court in 2008, the Court passed a status quo order on April 5, 2011 allowing ROHL to use its trademark ROYAL ORCHID for its existing hotels and business, but not in respect of any new hotel or line of business. However, in Appeal, the Division Bench of the Bombay High Court permitted ROHL to use the trademark in respect of its new hotel at Vadodara. The Appeal is currently pending.

In June 2013 the Intellectual Property Appellate Board (IPAB) allowed the Appeals filed by ROHL against the orders passed by the Trade Marks Registry rejecting the applications for registration of its trademarks in class 42 and the IPAB ordered that ROHL's trademarks be registered. ROHL's marks ROYAL ORCHID and ROYAL ORCHID HOTELS now stand registered in Class 42 as per the Order of the IPAB and the said Order was challenged by KHPL in a writ petition before the Madras High Court. The same is still pending and the Madras High Court has not passed any orders that would have an adverse impact on the registration of ROHL's trademarks.

On account of registration of its trademarks in favour of ROHL, ROHL moved the Division Bench of the Bombay High Court for stay of the Order of April 5, 2011. On July 17, 2014 the Bombay High Court passed an Order without expressing any opinion on the merits of the matter.

Other than above, no material litigation was outstanding on the date of report. Details of litigation on tax matters are disclosed in the financial statements.

Corporate Governance

Your Company recognises good corporate governance and is committed to sound corporate practices based on conscience openness and accountability for the benefit of stakeholders. A detailed report on Corporate Governance is available as a separate section in this Annual Report. Certificate of the Statutory Auditors Secretarial Auditors regarding compliance with the conditions stipulated in Clause 49 of the Listing Agreement is provided separately as an Annexure to the Corporate Governance Report.

Statutory Auditors

The retiring Statutory Auditors, M/s. Walker Chandiok & Co. LLP (*formerly M/s. Walker, Chandiok & Co.,*) Chartered Accountants, (Firm Registration No. 001076N/LLP No. N500013), hold office as Statutory Auditors until the conclusion of the Twenty Eighth Annual General Meeting.

The Audit Committee and the Board of Directors recommended the re-appointment of M/s. Walker, Chandiok & Co. LLP, Chartered Accountants, as the Statutory Auditors to hold office until the conclusion of the Twenty Ninth Annual General Meeting.

The Company has received a certificate from M/s. Walker Chandiok & Co. LLP, to the effect that, their re-appointment, if made, would be in accordance with the limits specified under Section 139 and 141 of the Companies Act, 2013 and that, they meet the criteria of independence. They have also confirmed their eligibility and willingness to accept office and be re-appointed as the Statutory Auditors to hold office until the conclusion of the Twenty Ninth Annual General Meeting. The proposal for their re-appointment is included in the Notice of the ensuing Annual General Meeting.

Particulars of Employees

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable.

Directors' Report

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

Your Company is continuously putting its efforts towards conservation of energy across all its units and in the process, has implemented Energy Conservation Program, which includes :

- Installation of STP Plant with tertiary system in place for final treatment and utilization of treated water for Cooling tower, Flushing, for extensive landscaping in our hotels and other cleaning purpose.
- Conversion of all the Incandescent, CFL, Fluresant, Halogen, Metal Halide, Sodium Vapour lamp to COB LED.
- Implementation of Green Building Requirements.
- Rolling out extract from HACCP, ISO14001, Green Globe etc
- Implementation of Total Productive Maintenance – Japanese Concept
- Strategic implementation of energy conservation program for Efficient operation
- Implementation of Balance score card for development of process to improve operational efficiency
- The Sewage Treatment Plants in our hotels are set up with the objective to produce a waste stream suitable for discharge or reuse in the environment, especially for the extensive landscape in all our hotels.
- Heat recovery systems are in place to tap the waste heat for productive utilization – De-super heaters are used in the Air-conditioning plant for heating up of water for domestic use in rooms and public areas.
- Solar system is used for hot water generation and lighting.
- BMS is installed for efficient operation of engineering systems.
- All new hotel projects have achieved 100% LED Lighting for energy conservation (Bharuch – Gujarat & RO Azure, Nairobi.

In the opinion of the Board, the required particulars pertaining to technology absorption as per Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the hotel forms a part of the service industry and the company does not have any significant manufacturing operations.

During the year under review, your Company earned Foreign Exchange Revenue of ₹ 18.01 crores (Previous Year ₹ 20.57 crores) and the Foreign Exchange outgo on account of commission and others is ₹1.76 crores (Previous year ₹ 0.81 crores).

The particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure to this Director's Report.

With regard to Auditor's remark on the pending statutory dues, the Company had closed down the hotel at Delhi during the year under review and now the Company has approached the Tax authorities for the assessment and demand of statutory dues, which would be paid on issue of such demand. During the year under review, the Company has supported the subsidiaries during the previous year and due to market slowdown, there were instances of delayed payment of interest by the subsidiaries. During the year there was no continuing defaults by the Company as at the year end.

Directors' Responsibility Statement

Your Company's Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- I. The financial statements have been prepared in conformity with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, (the Act) to the extent applicable to us; on the historical cost convention; as a going concern and on the accrual basis. There are no material departures in the adoption of the applicable Accounting Standards.
- II. The Board of 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 at the end of the financial year and of the profit or loss of the Company for that period.
- III. The Board of 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.
- IV. The financial statements have been audited by M/s. Walker Chandiok & Co. LLP, Chartered Accountants, the Company's Statutory Auditors.
- V. The Audit Committee meets periodically with the Internal Auditors and the Statutory Auditors to review the manner in which the Auditors are discharging their responsibilities and to discuss audit, internal control and financial reporting issues.

- VI. To ensure complete independence, the Statutory Auditors and the Internal Auditors have full and free access to the Members of the Audit Committee to discuss any matter of substance.

Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

Corporate Social Responsibility (CSR)

Your Company has constituted CSR Committee and has adopted a CSR policy, including the activities to be undertaken during the year. The Company is focusing on the community education and skill development programs. Presidency Educational Trust was established to focus on the education in the field of hospitality sector. The academy is a unique institution where students are exposed to hotel operations continuously as a part of their academic curriculum. This is in addition to the mandatory industrial training.

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the code of conduct for prevention of insider trading and the code for corporate disclosures, as approved by the Board from time to time, are enforced by your Company. The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, designated employees. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, Designated Employees and other employees from trading in the securities of the company at the time when there is unpublished price sensitive information. The Board has appointed the Company Secretary as the Compliance Officer under the Code.

Internal Control Systems

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

An extensive programme of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed to ensure that the financials and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Company also has an Audit Committee, comprising three professionally qualified 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.

Acknowledgments

Your Directors places 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 valued customers. The Board immensely thank all the shareholders, investors, vendors, service providers, and academic institutions 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 Corporate Affairs, Ministry of Finance, Securities and Exchange Board of India, NSE & BSE and others and look forward to their continued support in all future endeavors.

For and on behalf of the Board of Directors,

Place : Bengaluru
Date : August 13, 2014

Chander K Baljee
Managing Director

R V S Rao
Director



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

1. Industry Structure and Developments

World Tourism

According to the WTTC Economic Impact Report, Travel & Tourism contributed 9.5% to the global economy (nearly US \$7 trillion) in 2013. Travel & Tourism's contribution to the world economy has grown for the fourth consecutive year and is expected to show even stronger growth in 2014. Where the Global economic growth in 2013 has remained subdued at about 3%. Travel & Tourism not only outpaced the wider economy, but also grew faster than other significant industries such as financial and business services, retail and distribution, public services, transport and manufacturing. The industry supported nearly 266 million jobs – so 1 in 11 of all jobs in the world. During 2013, 4.7 million new jobs were created as a result of tourism activity and investments grew by 3%.

Tourism in India

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

India's travel and tourism industry is set to grow by about 7.3% in 2014, better than last year, but average spending by foreigners travelling to the country could decline sharply. In year 2014, revenue from domestic tourism is expected to grow 8.2% compared with 5.1% a year ago. The WTTC Report says that increasing domestic travel, growth of low-cost airlines and upgrading of airport infrastructure will be the growth drivers. The report, however, says that the growth in the amount international visitors spend in the country could slow down to 2.9% from 6.2% in 2013.

Hospitality

Hotels are extremely important component of the tourism industry. The Indian hospitality sector has been growing at a cumulative annual growth rate of 14 per cent every year, adding significant amount of foreign exchange to the economy.

The hospitality sector in India expects 52,000 new hotel rooms to be added in five years (2013-17), according to a survey by Cushman & Wakefield. This will lead to a rise of over 65 per cent in total hotel inventory in India.

During the year under review the supply has exceeded the demand and all the hotel industries were in tight competition, there by resulting in reduced revenues.

The role of the Indian government, which has provided policy and infrastructural support, has been instrumental in the growth and development of the industry. However, in terms of infrastructural support tier 1 and tier 2 cities need attention.

According to WTTC estimates, domestic travel spending will grow by 6.1% while international visitor spending will rise by 8.7%. Besides, the newly launched Incredible India campaigns – "Find What you See" for foreign tourists and "Go Beyond" for domestic tourists – In addition to the relaxation of tourist visa rules and a significant increase in the fund allocation for tourism in the 12th Plan Period (2012 - 2017) are expected to yield favourable results. (source HVS 2013).

The hospitality sector in Karnataka would be greatly benefited by rationalisation of taxes, specially now as we recover from the economic slowdown. The proposed investments in theme parks and theme cities with a focus on ecotourism as well as the culture and heritage of the state promises to bode well for the sector when it materialises.

2. Outlook

The present room inventory of Royal Orchid group is 2373 keys and is set to expand to the level of 3500 keys by 2015. The group's initiative to add on more hotels will be through management contract.

We are looking at expansion through 'asset light strategy' and building the brand portfolio through Management Contracts in various parts of the country and abroad.

3. Discussion on financial performance with respect to operational performance

During the year, the total consolidated revenue has decreased by ₹ 18.62 Crores, compared previous year's revenue due to closure of two hotels, Regenta Resort at Delhi and Regenta One at Hyderabad. However, the Gross Operating Profit was increased to Rs 27.89 Crores, registering an increase of 34.47%.

4. Risks and Concerns

The Royal Orchid group is emerging as one of the fastest growing hotel chains in India. Presently, running 27 hotels across major cities in India including 1 abroad on Lake Victoria, Tanzania and ongoing hotel projects in Nairobi and major Tier-I

and Tier-II cities of India which are recognized business / tourist locations. The spread of hotels across major business and tourist destinations is giving the required advantage of balanced representation in key markets, thereby minimizing the risk factors associated with certain geographical locations.

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

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

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

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

6. Internal Control Systems and adequacy

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

7. Human Resources Initiatives

The Company continues to maintain a very cordial and healthy relationship with its work force across all its units. The total number of permanent employees on roll as at March 31, 2014 was 3,057 across all its units.

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

The Company has also started technology based learning through online portals which are also synced with mobile phones. To attract and retain good employees in the company, we are ensuring the best place to work. We are striving towards attracting, retaining, training, multi-skilling employees and working towards the welfare of our resources so that your company be the 'Best Choice of Place to Work' among our competitive set.

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

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

8. Corporate Debt Restructuring

The Company had gone for CDR scheme during the previous year and during the year under review the Company has paid around 80% of the amount under the Scheme out of sale proceeds of Hotel at Hyderabad. The Company is confident of coming out of CDR Scheme during the coming year.

Cautionary Statement

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

CORPORATE GOVERNANCE REPORT



Company's Philosophy on Corporate Governance

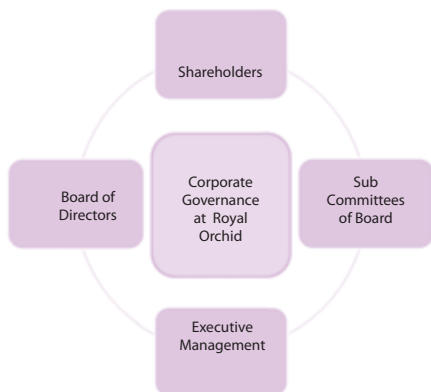
Royal Orchid Hotels Limited and its subsidiaries and Joint Venture companies believes in excellence in Corporate Governance as a good corporate citizen and is committed to ethical corporate practices based on conscience, openness, fairness and professionalism, for the benefit to its stakeholders and for long term success. Royal Orchid believes in maintaining the highest standards of corporate governance, not only in form but also in substance.

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

Corporate Governance philosophy is based on the following ideologies:

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

THE 4 TIER GOVERNANCE STRUCTURE AT ROYAL ORCHID



- 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 for setting governance policies & 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.

I. Board of Directors

A. Composition of Board of Directors

The Board of Directors of the Company consists of a balanced mix of Executive and Non-executive Directors. As at the closing of March 31, 2014 the Board has five directors out of which two are Executive Directors and three are Independent Directors.

Details of Directorships, Category of Directorship and Committee Memberships held by Directors in companies other than Royal Orchid Hotels Limited as on March 31, 2014 are given below:

Name of the Director	Age (in years)	Position/ Designation	DIN	Directorship in other public Companies	Position on committees of the Board of other Indian Public Companies*	
					As Chairman	As member
Mr. C K Baljee	63	Chairman & Managing Director	00081844	-	-	-
Mr. Sunil Sikka	54	Whole-time Director	00083032	1	-	-
Mr. R V S Rao	70	Non-executive and Independent Director	00061599	2	2	1
Mr. Vijay Rekhi	68	Non-executive and Independent Director	00191298	2	1	1
Mr. K Jairaj	62	Non-executive and Independent Director	01875126	1	2	1

Notes:

1. Mr. Sunil Sikka is a relative of Mr. C K Baljee and none of the other Directors are related to each other.

2. None of the Directors is a member in more than ten committees and acts as a chairman in more than five committees across all companies in which they hold Directorship.

B. Profile of Board of Directors

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

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

Mr. R V S Rao is a Commerce and Law Graduate and Fellow of Indian Institute of Bankers. He was Executive Director of HDFC.

Mr. Vijay K Rekhi is a master degree holder in Economics and MBA from IIM, Ahmedabad. He is having vast experience in beverage alcohol industry and holds directorships in few leading global companies and honorary positions in various trade associations.

Mr. K Jairaj was a Member of the Indian Administrative Service (IAS) of the 1976 batch and is retired as Additional Chief Secretary of Karnataka. He has vast experience in the fields of Infrastructure, Energy, Transport and Urban Development.

C. Board Meetings and Attendance

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

Your Board met five times in the financial year 2013-14 on May 24, 2013, August 05, 2013, September 30, 2013, October 31, 2013 and February 12, 2014.

The attendance at the Board Meetings during the year is given below:

Name	Board Meeting		AGM Attendance
	Held	Attended	
Mr. C K Baljee	5	5	Yes
Mr. Sunil Sikka	5	2	Yes
Mr. R V S Rao	5	5	Yes
Mr. Vijay K Rekhi	5	5	Yes
Mr. K Jairaj ¹	5	4	Yes

Notes: 1. Mr. K. Jairaj was appointed w.e.f August 05, 2013

D. Directors Shareholding in the Company as on March 31, 2014

Name of the Director	Designation	No. of Equity Shares held by the Directors	Percentage of holding (%)
Mr. C K Baljee	Chairman and Managing Director	1,19,21,090	43.77
Mr. Sunil Sikka	Whole time Director	1,05,296	0.39
Mr. R V S Rao	Independent and Non-executive Director	4,500	0.02
Mr. K Jairaj	Independent and Non-executive Director	Nil	Nil
Mr. Vijay Rekhi	Independent and Non-executive Director	Nil	Nil

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

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

II. Governance by Sub-Committees**1. AUDIT COMMITTEE****A. Composition, Meetings and Attendance of the Audit Committee :**

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

During the financial year 2013-14, the Audit Committee has met 4 times, i.e., May 24, 2013, August 05, 2013, October 31, 2013 and February 12, 2014. Details of the Members of Audit Committee and Meetings held & attendance of the members are given below:

Name of the Member	Position in the Board	Position in the Committee	Meetings Held	Meeting attended
Mr. R V S Rao	Independent and Non-executive Director	Chairman	4	4
Mr. Vijay Rekhi	Independent and Non-executive Director	Member	4	4
Mr. C K Baljee ¹	Chairman and Managing Director	Member	4	1
Mr. K Jairaj ²	Independent and Non-executive Director	Member	4	3

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

Notes:

1. Mr. C K Baljee was inducted as the member of the Audit Committee on May 24, 2013 and was ceased as member of Audit Committee w.e.f August 05, 2013

2. Mr. K Jairaj was appointed on Board and was inducted as member of Audit Committee w.e.f August 05, 2013.

Corporate Governance Report

B. Terms of reference of Audit Committee

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

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- iii. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 1. Any changes in accounting policies and practices.
 2. Major accounting entries based on exercise of judgment by management.
 3. Qualifications in draft audit report.
 4. Significant adjustments arising out of audit.
 5. The going concern assumption.
 6. Compliance with accounting standards.
 7. Compliance with stock exchange and legal requirements concerning the financial statements
 8. Any related party transactions
- iv. Reviewing with the management, external and internal auditors the adequacy of internal control systems.
- v. Reviewing the Internal Audit Reports and discussion with internal auditors for any significant findings and follow up there on.
- vi. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- vii. Reviewing the company's financial and risk management policies.
- viii. Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc of the candidate.

2. NOMINATION AND REMUNERATION COMMITTEE

A. Composition, Meetings and Attendance of Nomination and Remuneration Committee

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

During the financial year 2013-14, the Committee met 2 times, i.e. on May 24, 2013 and September 30, 2013.

Details of the Members of the Committee and attendance of the members are given below:

Name	Designation	Position	Held	Attendance
Mr. Vijay K Rekhi	Independent, Non-Executive Director	Chairman	2	2
Mr. R V S Rao	Independent, Non-Executive Director	Member	2	2
Mr. K Jairaj ¹	Independent, Non-Executive Director	Member	2	1

Note:

1. Mr. K.Jairaj was appointed w.e.f August 05, 2013 on Board and was inducted as member of the Committee.

B. Terms of reference of Nomination and Remuneration Committee

- i. 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.
- ii. 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.
- iii. 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.
- iv. Recommend nominees to various committees of the board.
- v. Approve and make recommendations to the BOD in respect of directors' fees, salary structure and actual compensation (inclusive of performance based incentives and benefits) of the Executive Directors, including the Chief Executive Officer;
- vi. Recommending remuneration for Non-Executive directors.
- vii. Ensuring that appropriate procedures are in place to assess board's effectiveness and shall carry out evaluation of every Director's performance.
- viii. Developing an annual evaluation process of the board and its committees.

- ix. Assist the BOD in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
- x. Review and approve the compensation and ESOP to be granted senior executives, needing approval from the BOD;
- xi. Review and approve the changes in terms and conditions of the ESOP;
- xii. Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees;
- xiii. Criteria for selection and appointment of Non-Executive Directors; and
- xiv. Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or Directors' compensation.

C. Remuneration policy and criteria of making payments to Directors

The Nomination and Compensation 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. Shareholders shall approve payment of remuneration to Executive Directors.

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

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as Independent Professionals/ Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meetings of the Board and Board Committees and commission as approved by the Board and shareholders. This remuneration is approved by the Board subject to the condition that, cumulatively it shall not exceed 1% of the net profits of the Company for all Non-Executive Directors in aggregate for one financial year subject to an individual limit for each of the Non-Executive Directors.

The remuneration by way of commission paid to the Independent Non-Executive Directors is determined periodically & reviewed based on the industry benchmarks on such remuneration.

D. Details of remuneration paid to the Directors for the year 2013-14:

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. C K Baljee	Nil	120.10	Nil
2.	Mr. Sunil Sikka	Nil	Nil	Nil
3.	Mr. R V S Rao	2.60	Nil	Nil
4.	Mr. Vijay K Rekhi	2.20	Nil	Nil
5.	Mr. K Jairaj	1.80	Nil	Nil

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

A. Composition, Meeting and Attendance of Stakeholder Relationship Committee

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

The primary function of the Stakeholders' Relationship Committee is to assist the Board to develop and sustain the stakeholders' relationship with the Company and redress the complaints of security holders of the Company, if any, the investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends among others. The stakeholders include shareholders, security holders, debenture holders, deposit holders etc.

The Chairman calls the Committee meeting as and when required. Minutes of every meeting will be maintained. The quorum of the meetings shall be one third of the total strength or two Directors whichever is more.

The Committee is constituted as per the Clause 49 of the Listing Agreement. During the financial year 2013-14, the Stakeholders Relationship Committee has met 2 times, i.e., May 24, 2013 and October 31, 2013.

The Composition and Meetings held and Attendance of the Committee are as follows:

Name	Designation	Position	Held	Attendance
Mr. K Jairaj	Independent, Non-Executive Director	Chairman	2	1
Mr. C K Baljee	Managing Director	Member	2	2
Mr. R V S Rao	Independent, Non-Executive Director	Member	2	2

Corporate Governance Report

B. Terms of references of Stakeholders Relationship Committee

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 of securities of the Company.
- V. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer 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.

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, 1992.

Details of complaints/requests received and resolved during the financial year 2013-14 are as follows:

No. of shareholders' complaints received during the year	No. of complaints not resolved to the satisfaction of shareholders during the year	No. of pending complaints during the year
2	2	NIL

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

A. Composition of the CSR Committee:

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

Members of the Committee are appointed by the Board. The Committee shall consist of at least 3 members. The members of the Committee shall be nominated by the Board from time to time and at least one of whom shall be an Independent Director of the Company. The Board shall appoint the Committee Chairman who shall be a director of the Company. The Committee shall meet at least twice per a year at appropriate times in the year.

B. Terms of reference of CSR Committee:

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

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

III. Governance to shareholders

1. General Body Meetings

A. Annual General Meetings:

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2010-11	05.09.2011	11.00 A.M.	Registered Office	Nil
2011-12	26.09.2012	11.00 A.M.	Registered Office	Appointment of Mr. Sunil Sikka as Whole Time Director for a period of 5 years, commencing from 08.08.2012 and ending on 07.08.2017
2012-13	30.09.2013	11.00 A.M.	Registered Office	Nil

B. Extra- Ordinary General Meetings:

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2010-11				
2011-12				No Extra -Ordinary General Meeting was conducted during last three years
2012-13				

C. Postal Ballot Details

1. During the year under review, the Company passed the following Special Resolutions through Postal Ballot:
 - i. Consent under section 372A of the Companies Act, 1956, to make any loans, investments or give guarantees or provide securities to Subsidiaries and Joint Venture Companies, beyond the prescribed ceiling.
 - ii. Consent under section 269 of the Companies Act, 1956, for revision of remuneration to Mr. C K Baljee, Chairman and Managing Director from April 01, 2013 to March 31, 2015.
 - iii. Consent to authorize for selling of an Undertaking at Hyderabad.
2. Scrutinizer:
Mr. G Shanker Prasad, Practising Company Secretary, Bengaluru was appointed as Scrutinizer for conducting the postal ballot process.
3. Postal Ballot voting pattern, procedure and result.

To enable the members to cast their votes by post on the aforesaid resolution, serially numbered Postal Ballot Forms along with the self-addressed envelopes for which the postage was borne by the Company were sent to all the members. The Postal Ballot voting process was conducted in a fair and transparent manner in accordance with the provisions of Section 192A of the Companies Act, 1956 and the rules framed there under. The voting pattern in respect of aforesaid resolution is given below:

Resolution Item No.	No. of postal ballots in favour	Votes cast in favour of Resolution	No. of postal ballots against	Votes cast against the Resolution	Percentage of votes in favour of total votes
1	63	1,90,74,433	15	2,654	99.986%
2	59	1,90,74,070	19	3,017	99.984%
3	66	1,90,75,101	12	1,986	99.990%

The result of the Postal Ballot was announced on November 11, 2013. After declaration, the result was communicated to the stock exchanges and also posted on the Company's Website.

2. Disclosures

A. Related Party Transaction: Other than the related party transaction reported under financials, 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.

B. Details of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchanges 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.

C. Declaration as required under clause 49(I)(D)(ii) of the Listing Agreement of the Stock Exchange: Your Company has laid down a Code of Conduct for all the Board members and senior management personnel of the Company. The code is available on the website of the Company www.royalorchidhotels.com. All Directors and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2014.

D. Board Disclosures-Risk Management: The Company has established an effective Compliance Mechanism to mitigate the risk and will be reviewed by the Board periodically.

E. Secretarial Standards and Secretarial Audit Report: The Institute of Company Secretaries of India (ICSI) has issued secretarial standards on various important facets of corporate functioning and management. Although these standards are recommendatory in nature, as a measure of good governance, the Company has voluntarily adopted and substantially complied with the ICSI's Secretarial Standards on meetings of Board, General Meetings, Dividend, Registers & returns, minutes, transmission of shares, passing of resolution by circulation, affixing of common seal and Board's Report.

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

G. Compliance with mandatory and non-mandatory requirements under Clause 49 of the Listing Agreement: The Company has disclosed all the mandatory requirements under Clause 49 of the Listing Agreement. Among the non-mandatory requirements of Clause 49 of the Listing Agreement, the Company has a Whistle Blower Policy in place.

H. Compliance of Prohibition of Insider Trading Regulations: The Company has adopted the code of internal procedures and conduct for listed companies notified by the SEBI prohibiting insider trading.

Corporate Governance Report

I. Means of Communication:

1	Quarterly results	The Quarterly results of the company is published in news papers
2	Newspapers in which results are normally published	The Financial Express & Udayavani/Vijayavani
3	Company's Website	http://www.royalorchidhotels.com Annual financial statements, Quarterly reports on Financials and Corporate Governance and the Shareholding Pattern of the company are posted on the Company's Website regularly.
4	Whether website also displays official News Releases and the presentations made to Institutional Investors or to the analysts	The official news releases are also displayed on the website of the Company

J. 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
2006-07	60	08.08.2007	14.08.2014	2,26,536/-	13.09.2014
2007-08	60	28.07.2008	03.08.2015	3,80,472/-	02.09.2015
2008-09	15	10.09.2009	16.09.2016	1,75,315/-	15.10.2016
2009-10	NIL	NA	NA	NA	NA
2010-11	15	05.09.2011	12.09.2018	1,45,509/-	11.10.2018

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

During the year 2013-14 the Company has transferred an amount of ₹ 3,17,505/- being unclaimed amount to the General Revenue Account / Investor Education and Protection Fund (IEPF) pursuant to section 205C of the Companies Act, 1956.

K. Compliance with Clause 47 (f) of Listing Agreement: The Company in compliance with Clause 47 (f) of Listing Agreement has a designated email - id cosec@royalorchidhotels.com to register complaints by investors.

L. Subsidiary: The Company has 13 Indian Subsidiaries and 1 foreign subsidiary for the year ended March 31, 2014. One of the Independent Directors of the Company is also on the Board of a Subsidiary Company.

M. Certificate of Corporate Governance: A Certificate from a Practicing Company Secretary regarding compliance by the company of the Listing Agreement is attached as an Annexure to this Report.

3. Annual General Meeting:

Date : Monday, September 29, 2014
Time : 11:00 am
Venue : **Hotel Royal Orchid**
No. 1, Golf Avenue, adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008.

4. Financial Calendar:

Financial Year:	2013-2014
Book Closures Dates:	September 22, 2014 to September 29, 2014
Dividend Declaration:	No Dividend is to be declared
Exchange on which Equity Shares are listed:	The National Stock Exchange of India Limited The Bombay Stock Exchange Limited

Listing fees for the year ending 2013-2014 have been paid to both the Stock Exchanges where shares are listed.

Financial Reporting dates (tentative)

For the quarter ending 30.06.2014	August 2014
For the quarter ending 30.09.2014	November 2014
For the quarter ending 31.12.2014	February 2015
For the quarter ending 31.03.2015	May 2015

5. Registrar & Share Transfer Agent

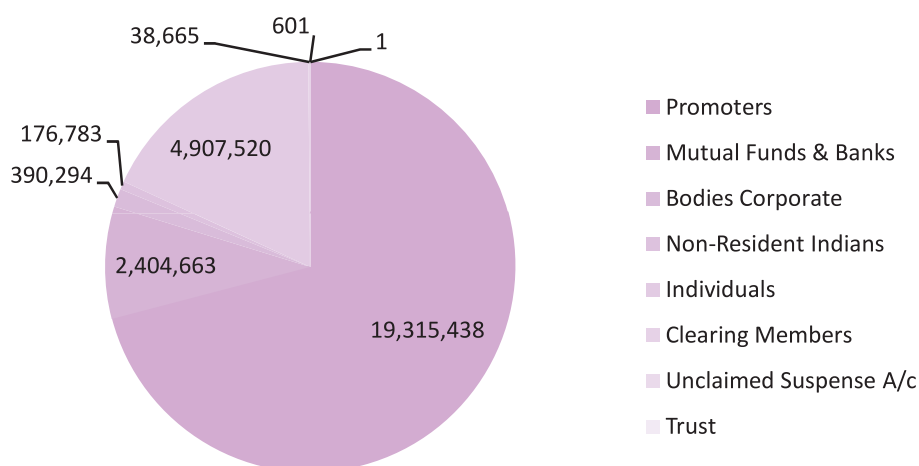
Integrated Enterprise (India) Limited
30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560003
Tel No.080 - 23460815 – 818
Fax No.080 – 23460819 Email ID: alfint@vsnl.com

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

6. Distribution of shareholding

6.1 Distribution of Shareholding by major categories as on March 31, 2014

Category	No of shares held	% to Paid up capital
Promoters	1,93,15,438	70.92
Mutual Funds & Banks	24,04,663	8.83
Bodies Corporate	3,90,294	1.43
Non-Resident Indians	1,76,783	0.65
Individuals	49,07,520	18.02
Clearing Members	38,665	0.14
Unclaimed Suspense A/c	601	0.002
Trust	1	0.000
TOTAL	2,72,33,965	100.00



6.2 Distribution Schedule as on March 31, 2014

No. of Shares held	No. of Members	% of Total	No. of Shares	% of Total
Upto 5000	17,979	91.58	17,68,468	6.49
5001 - 10,000	866	4.41	6,90,266	2.53
10,001 - 20,000	408	2.08	6,20,952	2.28
20,001 - 30,000	127	0.65	3,21,158	1.18
30,001 - 40,000	60	0.31	2,18,460	0.80
40,001 - 50,000	44	0.22	2,06,505	0.76
50,001 - 1,00,000	83	0.42	6,03,107	2.21
1,00,001 and above	65	0.33	2,28,05,049	83.74
Total	19,632	100.00	2,72,33,965	100.00

Corporate Governance Report

6.3 Top ten shareholders of the Company as on March 31, 2014

Sl. No.	Name of Shareholder	No. of shares	Percentage of total shares (%)
1.	C K Baljee	1,19,21,090	43.77
2.	Baljee Hotels and Real Estate (P) Ltd	57,14,689	20.98
3.	SBI Contra Fund	23,29,663	8.55
4.	Keshav Baljee	8,03,424	2.95
5.	Arjun Baljee	3,15,342	1.16
6.	Hotel Stay Longer Private Ltd	2,29,337	0.84
7.	Sunita Baljee	2,26,260	0.83
8.	Sunil Sikka	1,05,296	0.39
9.	Rahul Goenka	95,000	0.35
10.	SBI Magnum Childrens Benefit Plan	75,000	0.28

6.4 Dematerialization of Shares & Liquidity and Share Transfer System

The Company's shares are available for dematerialization with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). About 99.78% of the paid-up equity share capital of the Company has been dematerialized as on March 31, 2014.

Description	No. of shareholders	No. of shares	% of Equity
Physical	91	60,820	0.22%
CDSL	4,910	11,27,038	4.14%
NSDL	1,4631	2,60,46,107	95.64%
Total	1,9632	2,72,33,965	100.00%

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

7. Scrip Code

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

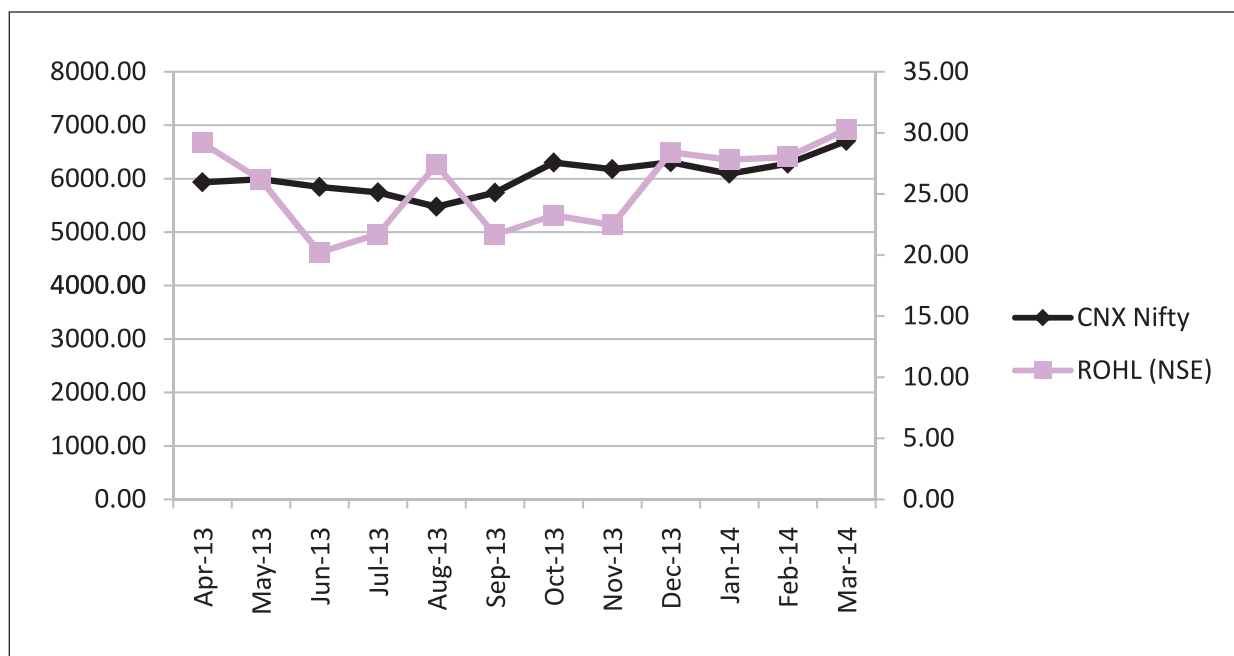
8. Market Price Data

The Equity Shares of the Company are listed with the Stock Exchanges having nationalized terminal since February 06, 2006. The following is the data of high and low closing quotations of Equity Shares of the Company during April 2013 to March 2014.

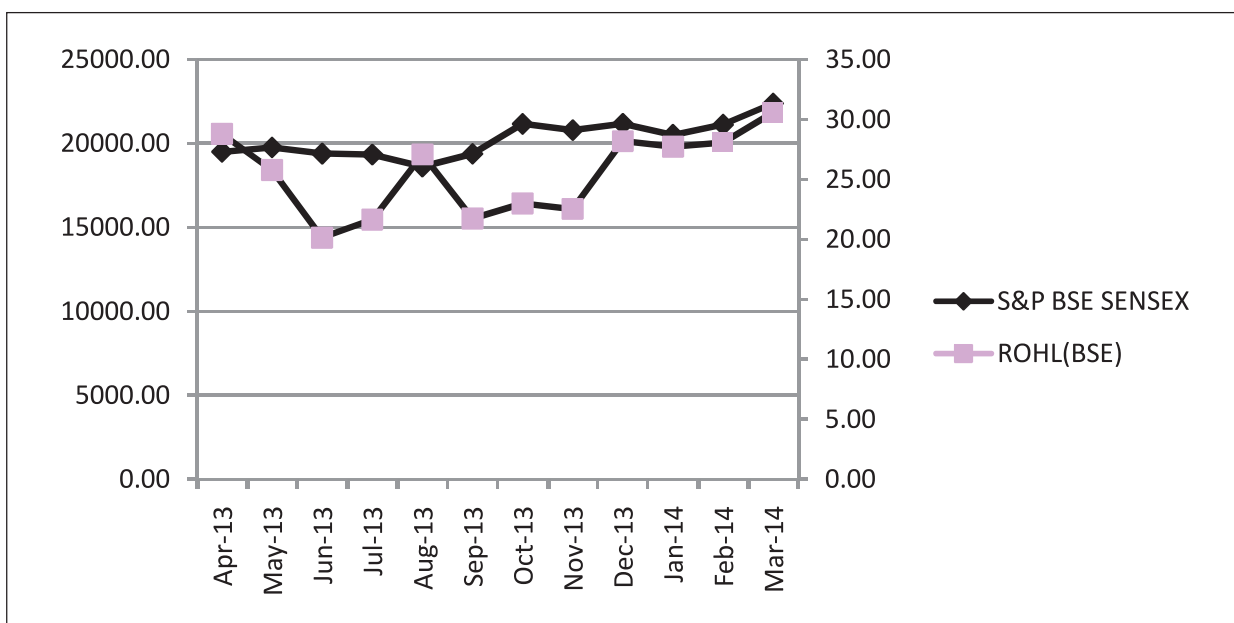
Month	National Stock Exchange (NSE)		Bombay Stock Exchange (BSE)	
	ROHL NSE-High	ROHL NSE-Low	ROHL BSE-High	ROHL BSE-Low
Apr-13	33.00	28.20	32.75	28.10
May-13	29.85	25.55	29.80	25.50
Jun-13	26.90	19.20	27.65	19.45
Jul-13	27.00	19.80	26.50	20.00
Aug-13	28.65	17.50	28.50	17.00
Sep-13	27.40	19.45	27.20	19.95
Oct-13	23.90	20.20	23.40	20.40
Nov-13	24.90	21.60	25.40	21.15
Dec-13	30.40	22.05	30.20	22.00
Jan-14	31.35	27.50	31.35	27.40
Feb-14	29.70	24.45	31.00	25.00
Mar-14	30.80	26.60	30.90	26.55

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

9. Performance in comparison to other Broad-based indices



(Performance in Comparison to CNX Nifty for the period April 2013 to March 2014)



(Performance in Comparison to S&P BSE Sensex for the period April 2013 to March 2014)

Corporate Governance Report

10. Hotel Locations:

1. Hotel Royal Orchid	No. 1, Golf Avenue, adjoining KGA Golf Course, HAL Airport Road, Bengaluru – 560 008.
2. Royal Orchid Central, Bengaluru	No. 47/1, Manipal Centre, Dickenson Road, Bengaluru – 560 042
3. Hotel Ramada, Bengaluru	No. 11, Park Road, Shivajinagar, Bengaluru – 560 051
4. Royal Orchid Resort & Convention Centre, Bengaluru	Allalasandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bengaluru – 560 065
5. Royal Orchid Suites, Bengaluru	Vaswani Pinnacle Annexe, Whitefield Main Road, Bengaluru – 560 066
6. Royal Orchid Metropole, Mysore	No: 5, Jhansi Lakshmbai Road, Mysore – 570 005
7. Royal Orchid Brindavan Garden, Mysore	Brindavan Garden, Krishna Raja Sagar, Mandya District, Mysore – 571 607
8. Royal Orchid Central, Jaipur	A-26, A/2 Banipark, Jaisingh Highway, Jaipur 302 016
9. Hotel Royal Orchid, Jaipur	Opposite to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur 302018
10. Regenta Central, Jaipur	Opposite Jalmahal Amer Road, Jaipur - 302002
11. Royal Orchid Central, Pune	Mary Soft Annex, Software –cum-Commercial Complex, Kalyani Nagar, Pune 411 014
12. Royal Orchid Golden Suites, Pune	Golden Nest – B, Marigold Complex, Kalyani Nagar, Pune 411 014
13. Royal Orchid Beach Resort & Spa, Goa	Uttorda Beach, Salcette, South Goa-403173
14. Royal Orchid Central Grazia, Navi Mumbai	Plot No. L-3, Sector 19, Vashi, Navi Mumbai – 400 703
15. Royal Orchid Central Kireeti, Hospet	Station Road Hospet, Bellary District, Karnataka - 583201,
16. Royal Orchid Central, Shimoga	B.H. Road, Opposite Vinayak theatre, Near Shimoga Bus Stand, Shimoga – 577 201
17. Royal Orchid Fort Resort, Mussorie	Tara Hall Estate, Picture Palace Road, Mussorie, Uttarkhand
18. Royal Orchid Central, Vadodara	(Om Hospitality), Akota, MujMahuda, Vadodara-390020
19. Hotel Central Blue Stone, Gurgaon	Plot No.358-359, Sector 29, City Centre, Gurgaon – 122 001
20. Regenta Mpg Club, Mahabaleshwar	MPG Club, 233, Old Tapola Road, Mahabaleshwar – 412 806
21. Regenta, Ahmedabad	No. 15, Ashram Road, Ahmedabad- 380013, Gujarat
22. Regenta Central Ashok, Chandigarh	NH 21, Near Chandigarh Airport, Zirakpur, Chandigarh – 401160
23. Regenta Central Harimangala, Bharuch	ABC Circle, Old NH 8, Bholav, Bharuch- 392015
24. Regenta Resort, Bhuj	GMDC House, Bhuj- Mirjapur Highway, Bhuj, Kutch, Gujarat- 370001
25. Malaika Beach Resort, Tanzania	P.O. Box 541, Llemela, Musanza, Tanzania
26. Regenta Central, Haridwar	NH 58 , Motichur, Rishikesh Road,, Opp. Dev sanskriti university, Haridwar, Uttaranchal, 249401, India
27. Regenta Central, Rajkot	Everest Park, Kalawad Road, Rajkot – 360005, Gujarat, India

Address for Correspondence:

Ms. Payal Sharma
 Company Secretary & Compliance Officer
 Royal Orchid Hotels Limited
 No. 1, Golf Avenue
 Adjoining KGA Golf Course
 HAL Airport Road
 Bengaluru – 560 008
 Tel No.080 - 41783000
 Fax No.080 - 2520 3366
 Email ID: cosec@royalorchidhotels.com

Annexure-A

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

In accordance with Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended on March 31, 2014.

Place : Bengaluru
Date : April 26, 2014

C K Baljee
Managing Director

Annexure-B

Certificate on Corporate Governance

To the Members of Royal Orchid Hotels Limited

I have reviewed the compliance of conditions of corporate governance by **Royal Orchid Hotels Limited** ("the Company"), for the year ended on March 31, 2014, as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

No investor grievance is pending for a period exceeding 15 days against the Company as per the records maintained by the Company.

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

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

Place : Bengaluru
Date : August 12, 2014

G SHANKER PRASAD
Practicing Company Secretary
CP.No – 6450

Corporate Governance Report

Annexure-C

Certificate under Clause 49(V) of the Listing Agreement

The Board of Directors
Royal Orchid Hotels Limited

We, C K Baljee, Managing Director and Amit Jaiswal, VP Finance, to the best of our knowledge and belief, certify that:

- 1) *We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2014 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 are responsible for establishing and maintaining internal controls for financial reporting and we have:*
 - a) *Evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;*
 - b) *Disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware; and*
 - c) *The steps we have taken or propose to take to rectify these deficiencies.*
- 4) *We have indicated to the Company's Auditors and the Audit Committee of the Board of Directors*
 - a) *Significant changes that have occurred in the internal control over financial reporting during the financial year;*
 - b) *All significant changes in accounting policies during the financial year, if any, and that the same have been disclosed in the notes to the financial statements; and*
 - c) *Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting;*
 - d) *All deficiencies, if any, in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's Auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.*

Bengaluru
May 29, 2014

C K Baljee
Managing Director

Amit Jaiswal
Vice President - Finance

INDEPENDENT AUDITORS' REPORT



To the Members of Royal Orchid Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Royal Orchid Hotels Limited**, ("the Company"), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- ii) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N

per Anupam Kumar

Partner

Membership No.: 501531

Bengaluru

29 May 2014

Annexure to Independent Auditors' Report

Annexure to the Independent Auditors' Report of even date to the members of Royal Orchid Hotels Limited, on the financial statements for the year ended 31 March 2014

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) During the year, the Company has disposed off a substantial part of the fixed assets, which, however, in our opinion has not affected the going concern status of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loans to eight subsidiaries covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 217,526,858 and the year-end balance is ₹ 216,364,922.
- (b) In our opinion, the rate of interest and the interest free nature where applicable and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans given, the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, receipt of the principal amount is regular. *However, the receipt of interest, where applicable, is not regular.*
- (d) In respect of the said loans, the same are repayable on demand and there are no overdue amounts.
- (e) The Company has taken unsecured loans from two companies and a director covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 67,868,674 and the year-end balance is ₹ 67,666,140.
- (f) In our opinion, the rate of interest and other terms and conditions of the loans taken by the Company are not, *prima facie*, prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular. *However, the payment of interest is not regular.*
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) "Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, and other material statutory dues as applicable, have been deposited generally regularly with the appropriate authorities, *except for income-tax and service-tax as applicable, which have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.*

Annexure to Independent Auditors' Report

Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable pertain to taxes deducted at source under Income-tax Act, 1961 amounting to ₹ 74,015 (for months of April 2013 - August 2013 that were due on 7th of the following month), luxury taxes under Delhi Tax on Luxuries Act, 1996 amounting to ₹ 3,450,154 (for months of November 2012 - March 2013 that were due on 20th of the following month) and value added taxes under Delhi Value Added Tax Act, 2004 amounting to ₹ 8,179,328 (for months of April 2012 - March 2013 that were due on 20th of the following month)."

- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the immediately preceding financial year; however, *in the current financial year, the Company has incurred cash losses.*
- (xi) There are no dues payable to debenture-holders. The Company has not defaulted in repayment of principal amounts due to any bank or financial institution during the year. *The Company has delayed in repaying interest during the year amounting to ₹ 7,691,426 and ₹ 19,215,894 with delays ranging 'upto 7 days' and between '8 to 35 days' respectively to banks and a financial institution.* There are no continuing defaults as at the year end.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties/companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N

per Anupam Kumar

Partner

Membership No.: 501531

Bengaluru

29 May 2014

Balance Sheet as at 31 March 2014

	Notes	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Equity and Liabilities			
Shareholders' funds			
Share capital	3	272,339,650	272,339,650
Reserves and surplus	4	1,523,779,114	1,793,065,728
		1,796,118,764	2,065,405,378
Non-current liabilities			
Long-term borrowings	5	351,744,513	1,554,298,899
Deferred tax liability, net	6	-	44,080,295
Long-term provisions	7	17,117,020	16,120,916
		368,861,533	1,614,500,110
Current liabilities			
Short-term borrowings	5	107,702,626	106,254,218
Trade payables	8	108,254,144	207,910,908
Other current liabilities	9	248,544,188	263,926,107
Short-term provisions	7	2,858,936	3,071,548
		467,359,894	581,162,781
Total		2,632,340,191	4,261,068,269
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	373,761,572	2,439,439,764
Intangible assets	11	-	1,084,654
Capital work-in-progress		2,347,235	-
Non-current investments	12	1,048,136,632	1,050,738,632
Long-term loans and advances	13	722,894,176	282,125,668
		2,147,139,615	3,773,388,718
Current assets			
Inventories	14	12,075,716	14,824,001
Trade receivables	15	76,161,039	88,511,415
Cash and bank balances	16	334,099,319	77,142,865
Short-term loans and advances	13	56,254,938	302,886,262
Other current assets (unbilled revenue)		6,609,564	4,315,008
		485,200,576	487,679,551
Total		2,632,340,191	4,261,068,269

Summary of significant accounting policies and other explanatory information

2 - 37

Notes form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf of Board of Directors

Chander K Baljee
Managing Director

R V S Rao
Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

Statement of Profit and Loss for the year ended 31 March 2014

	Notes	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
Revenue			
Revenue from operations	17	836,497,144	1,025,935,913
Other income	18	87,343,360	35,092,045
Total revenue		923,840,504	1,061,027,958
Expenses			
Food and beverages consumed	19	107,356,678	118,099,746
Employee benefits expense	20	177,830,268	230,297,251
Finance costs	21	73,393,173	51,479,061
Depreciation and amortisation	22	41,198,456	51,020,616
Other expenses	23	458,826,464	634,867,322
Total expenses		858,605,039	1,085,763,996
Profit/(Loss) from continuing operations		65,235,465	(24,736,038)
Tax expense			
Current tax		-	3,900,000
Deferred tax (credit)/charge		(44,080,295)	2,480,295
Minimum alternative tax credit		-	(3,900,000)
		(44,080,295)	2,480,295
Profit/(Loss) after tax from continuing operations		109,315,760	(27,216,333)
Profit/(Loss) from discontinuing operations	36		
Loss from discontinuing operations		(245,662,209)	(234,886,220)
(Loss)/Profit on sale of unit/investment		(132,940,165)	276,390,230
		(378,602,374)	41,504,010
(Loss)/Profit for the year		(269,286,614)	14,287,677
Earnings per equity share of ₹ 10 each	24		
Basic/Diluted		(9.89)	0.52
Summary of significant accounting policies and other explanatory information	2 - 37		

Notes form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf of Board of Directors

Chander K Baljee
Managing Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

R V S Rao
Director

Cash Flow Statement for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
A. Cash flow from operating activities		
Net profit before tax	(313,366,909)	16,767,972
Adjustments for:		
Depreciation and amortisation	154,556,872	159,930,227
Assets written off	10,033,121	-
Gain on sale of investments	-	(276,390,230)
Loss on sale of unit	132,940,165	-
Dividend income	(5,059,525)	-
Interest income	(56,270,068)	(22,875,011)
Interest expense, net	206,853,068	164,062,849
Gain on sale of tangible assets, net	(163,415)	(4,284,167)
Liability no longer required, written back	(1,699,221)	-
Provision for doubtful debts	3,114,907	3,572,211
Provision for doubtful advances/deposit	4,784,777	-
Advances written off	1,666,571	10,526,612
Investment written off	17,602,000	10,500,000
Operating profit before working capital changes	154,992,343	61,810,463
Changes in working capital:		
Increase in provisions	783,492	6,451,037
(Decrease)/Increase in liabilities and payables	(135,059,386)	83,542,088
Decrease/(Increase) in trade receivables and other current assets	6,940,913	(29,674,863)
Decrease in inventories	2,748,285	712,879
Decrease in loans and advances	13,567,066	82,280,741
Cash generated from operations	43,972,713	205,122,345
Direct taxes paid	5,280,999	3,000,000
Net cash generated from operating activities	38,691,714	202,122,345
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)	(103,642,238)	(219,226,626)
Sale of fixed assets	1,791,108,979	5,354,050
Interest received	19,515,279	12,236,439
Dividend received	5,059,525	-
Change in project advances	15,132,582	(6,490,247)
Loans given to subsidiaries	(124,752,392)	(6,606,578)
Loans repaid by subsidiaries	3,500,000	-
Loans given to joint venture	(66,000,000)	(35,550,000)
Proceeds from sale of investment	-	205,515,230
Conversion of loan to investment	(15,000,000)	-
Net cash generated from/(used in) investing activities	1,524,921,735	(44,767,732)

Cash Flow Statement for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
C. Cash flows from financing activities		
Interest paid, net of capitalised interest	(199,424,717)	(178,803,844)
Proceeds from borrowings	-	74,494,142
Repayment of borrowings	(1,108,883,220)	(133,568,796)
Change in bank overdraft, net	1,650,942	458,321
Change in other bank balances	(15,259,292)	(224,875)
Dividends paid (including dividend distribution tax)	-	(14,416)
Net cash used in financing activities	(1,321,916,287)	(237,659,468)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	241,697,162	(80,304,855)
Cash and cash equivalents at the beginning of the year	76,551,123	156,855,978
Cash and cash equivalents at the end of the year (refer note 16)	318,248,285	76,551,123

Note:

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

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**

(formerly Walker, Chandiok & Co)

Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf of Board of Directors

Chander K Baljee
Managing Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

R V S Rao
Director

Notes to the financial statements for the year ended 31 March 2014

1) Background

Royal Orchid Hotels Limited ('the Company') is a listed public company incorporated in 1986. The Company is engaged in the business of operating and managing hotels/ resorts and providing related services, through its portfolio of hotel properties across the country.

2) Summary of significant account policies

a) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified). The accounting policies applied by the Company are consistent with those used in the previous year unless otherwise stated.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates are recognised prospectively in the current and future years. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provision for doubtful receivable, provision for employee benefits and provision for income taxes.

c) Revenue recognition

Revenues comprise income from the sale of room nights, food, beverages and allied services during a guest's stay at the hotel. Room revenue is recognised based on occupation and revenue from sale of food, beverages and other allied services, is recognised as the services are rendered.

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

Income from management and technical services are recognised as the services are rendered based on agreements with the concerned parties.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses. All costs relating to acquisition and installation of fixed assets are capitalised. Fixed asset acquired in exchange for another asset is recorded at the net book value of asset given up, which generally approximates its fair value.

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

Expenditure directly relating to expansion is capitalised only if it increases the life or functionality of an asset beyond its original standard of performance.

e) Depreciation and amortisation

Depreciation and amortisation on fixed assets is provided on the straight line method, using the higher of rates specified in Schedule XIV to the Companies Act, 1956 or the management estimates of the economic useful lives of such assets. These rates are specified below:

Tangible asset category	Rates of depreciation used (%)
Buildings	3.34
Plant and equipment	4.75 - 20.00
Furniture and fixtures	9.50 - 20.00
Vehicles	9.50 - 16.21
Office equipment	9.50
Computers	16.21

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

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

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

Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

f) Borrowing costs

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

g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated/amortised historical cost.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

i) Inventory

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

j) Foreign currency transactions

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

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

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

k) Leases

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

Finance leases

Leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly to the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs are capitalised.

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

Notes to the financial statements for the year ended 31 March 2014

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

Operating leases

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

l) Employee benefits

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

Provident fund

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

Gratuity

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

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

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability.

m) Tax expense

Current tax

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

Minimum Alternate Tax

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

The Company reviews the MAT credit entitlement at each balance sheet date and writes down the carrying amount of the MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax

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

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

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

n) Earnings per share

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

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

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

o) Provisions and contingent liabilities

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

q) Onerous contracts

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

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014		As at 31 March 2013	
	Number	Amounts ₹	Number	Amounts ₹
3 Share Capital				
Authorised share capital				
Equity shares of ₹ 10 each	50,000,000	500,000,000	50,000,000	500,000,000
	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	27,233,965	272,339,650	27,233,965	272,339,650
	27,233,965	272,339,650	27,233,965	272,339,650

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

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

	Number	Amounts ₹	Number	Amounts ₹
Equity shares of ₹10 each				
Mr. Chander K. Baljee	11,921,090	119,210,900	11,893,898	118,938,980
Baljees Hotels and Real Estates Private Limited	5,714,689	57,146,890	5,496,088	54,960,880
SBI Magnum Sector Funds Umbrella - Contra Fund	2,404,663	24,046,630	2,329,663	23,296,630
	20,040,442	200,404,420	19,719,649	197,196,490

c) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian Rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2014. Further, the Company has not issued any shares without payment being received in cash.

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
4. Reserves and surplus		
Foreign exchange earnings reserve	1,100,000	1,100,000
Securities premium account	1,130,684,095	1,130,684,095
General reserve	101,593,740	101,593,740
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	559,687,893	545,400,216
Add: (Loss)/Profit for the year	(269,286,614)	14,287,677
	290,401,279	559,687,893
	1,523,779,114	1,793,065,728

Note:

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

As at 31 March 2014		As at 31 March 2013	
₹	₹	₹	₹
Long term	Short term	Long term	Short term

5. Borrowings

Secured

Term loans

From banks	334,299,429	-	1,259,384,862	-
From a financial institution	110,499,972	-	198,500,000	-

Funded Interest Term Loans (FITL)

From banks	-	-	81,630,483	-
From a financial institution	-	-	12,867,151	-

Vehicle loan	1,887,320	-	2,984,911	-
Bank overdraft	-	40,036,486	-	38,385,544

446,686,721 40,036,486 1,555,367,407 38,385,544

Less : Current maturities of long term debt	(94,942,208)	-	(1,068,508)	-
	351,744,513	40,036,486	1,554,298,899	38,385,544

Unsecured

From a subsidiary	-	4,666,140	-	4,868,674
From a director	-	5,000,000	-	5,000,000
From a body corporate	-	58,000,000	-	58,000,000
	-	67,666,140	-	67,868,674
	351,744,513	107,702,626	1,554,298,899	106,254,218

Notes:

I) Corporate Debt Restructuring ("CDR")

During the previous year, the Company had executed a Corporate Debt Restructuring (CDR) scheme under the CDR mechanism of the Reserve Bank of India (RBI). In accordance with the approved CDR scheme and after attaining super-majority, the Company executed a Master Restructuring Agreement (MRA) with the lenders on 28 March 2013, with an effective date of 01 October 2012. The MRA, inter-alia, provided for waiver of certain existing obligations of the Company, restructuring of repayment terms for principal and interest, reduction/adjustment in interest rates, conversion of outstanding interest amounts to loan, pledge of entire promoter shareholding as additional security to lenders, promoter undertaking for additional infusion of funds, monitoring oversight and certain restrictive covenants, as defined and accordingly the measurement, classification and disclosures of the Company's term loan obligations have been recorded in these financial statements in accordance with the MRA. The Company has implemented the significant terms of the MRA.

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

- (i) (a) The Company was sanctioned a consortium term loan from State Bank of India, State Bank of Hyderabad and State Bank of Mysore for ₹ 1,000 million in April 2009 to finance the hotel project at Hyderabad.

This term loan was secured by way of first mortgage charge on all immoveable properties and assets of the said project and first charge by way of hypothecation of all moveable assets, both present and future. Additionally, the term loan was secured by the corporate guarantee of Alif Resources and Infrastructure Private Limited and personal guarantees of Mr. Chander K. Baljee, Managing Director and Mr. Kiran Kumar, Director, Alif Resources and Infrastructure Private Limited.

Pursuant to the Corporate Debt Restructuring, the term loan had been rescheduled and was repayable in 24 quarterly instalments commencing from 30 June 2014, bearing interest rates ranging between 13% - 17%.

During the year, the Company has repaid the entire consortium term loan and the balance outstanding as at 31 March 2014 is ₹ Nil (31 March 2013 - ₹ 889.96 million).

- (i) b) The Company was sanctioned a term loan from State Bank of Hyderabad for ₹ 65 million in April 2009 to finance repairs, renovation, refurbishment and maintenance for Hotel Ramada, Bengaluru.

Term loan from bank is secured by equitable mortgage of lease hold property leased in favour of Hotel Royal Orchid and Hotel Ramada situated in Bengaluru and exclusive charge on assets created out of bank finance. Further, the term loan is secured by extension of first charge on all fixed assets of the Company, both present and future. Additionally, the term loan is secured by the corporate guarantees of Baljee Hotels and Real Estates Private Limited and Hotel Stay Longer Private Limited and a personal guarantee of Mr. Chander K. Baljee, Managing Director.

The Company was sanctioned a term loan from State Bank of Hyderabad for ₹ 129.50 million in April 2009 to finance for repairs, renovation, refurbishment and maintenance for Royal Orchid Central, Pune.

The loan is secured by equitable mortgage of lease hold property leased in favour of Royal Orchid Hotel situated at Pune and exclusive charge on assets created out of bank finance. Further, the term loan is secured by extension of first charge on all fixed assets of the Company, both present and future. Additionally, the term is secured by a personal guarantee of Mr. Chander K. Baljee, Managing Director.

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

During the year, the Company has repaid the term loan partially and the balance outstanding as at 31 March 2014 is ₹ 49.29 million (31 March 2013 - ₹ 84.40 million).

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

The loan is secured by a first pari-passu charge on equitable mortgage of leasehold property of Hotel Royal Orchid, Bengaluru. Additionally, the loan is secured by the corporate guarantee of Baljees Hotels and Real Estates Private Limited and a personal guarantee of Mr. Chander K. Baljee, Managing Director.

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

The balance outstanding as at 31 March 2014 is ₹ 285 million (31 March 2013 - ₹ 285 million).

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

Notes to the financial statements for the year ended 31 March 2014

The loan is secured by a first pari-passu charge on all the fixed assets, both present and future, of Hotel Royal Orchid, Bengaluru which comprise equitable mortgage of leasehold land and building and hypothecation of all movables ranking pari passu with State Bank of Hyderabad and IDBI Bank Limited. Additionally, the loan is secured by a personal guarantee of Mr. Chander K. Baljee, Managing Director.

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

During the year, the Company has repaid the term loan partially and the balance outstanding as at 31 March 2014 is ₹ 110.49 million (31 March 2013 - ₹ 198.50 million).

- (iv) In accordance with the MRA, the interest on existing term loans for the period 01 October 2012 to 30 September 2013 was converted to a Funded Interest Term Loan ('FITL'), which was secured by extension of charge on security held by respective banks. During the year, the Company has repaid the FITL and the balance outstanding as at 31 March 2014 is ₹ Nil (31 March 2013 - ₹ 94.49 million).
- (v) On December 2013, the Company has applied to the CDR cell for exiting the CDR scheme. Accordingly, the Company has recorded a recompense fee of ₹ 10.08 million towards closure of existing consortium term loans/FITL accounts during the year and has an outstanding amount of ₹ 6.78 million as at 31 March 2014, disclosed under "interest accrued and due on borrowings" in Note 9.
Interest amounting to ₹ 3.39 million on a secured term loan is outstanding for 1 month and interest amounting to ₹ 4.71 million on unsecured loans is outstanding for 2 - 25 months.
- (vi) Bank overdraft, sanctioned by State Bank of Hyderabad for ₹ 40 million and bearing interest rate of 13.45%, is secured by hypothecation of stocks, receivables and extension of equitable mortgage of leasehold property leased in favour of Hotel Royal Orchid, Bengaluru. Further, it is secured by extension of charge on all fixed assets of the Company, both present and future. Additionally, it is secured by the corporate guarantee of Baljee Hotels and Real Estates Private Limited and a personal guarantee of Mr. Chander K. Baljee, Managing Director.
- (vii) The vehicle loans are secured by the hypothecation of the vehicles concerned.
- (viii) The unsecured loans are repayable on demand and bear interest rate of 18% p.a.
- (ix) The current portion of the secured loans where instalments are due within one year have been classified as "current maturities of long term debt" under other current liabilities.

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
6. Deferred tax liability, net		
Deferred tax liabilities on		
Depreciation and amortisation	38,948,933	65,367,763
	38,948,933	65,367,763
Deferred tax assets on		
Carry forward losses	25,316,308	9,899,418
Provision for employee benefits	7,722,720	7,961,511
Provision for doubtful debts	5,909,905	3,426,539
	38,948,933	21,287,468
	-	44,080,295

Notes to the financial statements for the year ended 31 March 2014

7. Provisions

	As at 31 March 2014		As at 31 March 2013	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
Employee benefits				
Gratuity (refer note (a) below)	11,055,101	1,799,002	10,127,147	1,775,730
Compensated absences (refer note (a) below)	6,061,919	1,059,934	5,993,769	1,295,818
	17,117,020	2,858,936	16,120,916	3,071,548

a) Gratuity and compensated absences

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
Gratuity		
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	11,902,877	9,474,584
Service cost	2,934,320	3,244,621
Interest cost	934,097	779,233
Actuarial (gain)/ loss	(1,873,735)	(968,505)
Benefits paid	(1,043,456)	(627,056)
Liability recognised in the Balance Sheet	12,854,103	11,902,877
Components of net gratuity costs are		
Service cost	2,934,320	3,244,621
Interest cost	934,097	779,233
Recognised net actuarial (gain)/ loss	(1,873,735)	(968,505)
Expense recognised in the Statement of Profit and Loss under note 20	1,994,682	3,055,349
Change in plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/ (loss)	-	-
Employer contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	12,854,103	11,902,877
Funded status of the plans	-	-
Liability recognised in the Balance Sheet	12,854,103	11,902,877
Assumptions used for Gratuity and Compensated absences:		
Discount rate	9.00%	8.20%
Rate of return on plan assets	N/A	N/A
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Retirement age	55 years	45 - 55 years
Mortality rates *	100% of IAL - 2	100% of IAL - 1

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

* IAL - 1: Indian Assured Lives Mortality (1994-96) modified Ult.

IAL - 2: Indian Assured Lives Mortality (2006-08) modified Ult.

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
8 Trade payables		
Creditors	108,254,144	207,910,908
	108,254,144	207,910,908
Note:		
Based on the information available with the Company, there are no outstanding dues in respect of Micro, Small and Medium enterprises at the Balance Sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available to the Company. This has been relied upon by the auditors.		
9 Other current liabilities		
Current maturities of long term debt	94,942,208	1,068,508
Interest accrued and due on borrowings	14,881,619	7,453,268
Unclaimed dividends (refer note (a) below)	929,258	1,246,963
Security deposit received	3,393,209	3,701,448
Accrued expenses	34,245,919	41,283,705
Dues to employees	29,677,749	30,932,174
Statutory dues	23,207,424	58,362,120
Dues to related parties	6,754,170	490,575
Advance received from customers	15,764,926	18,277,916
Bank overdraft	14,500,632	12,553,351
Project creditors (including retention money payable)	1,492,656	81,074,783
Other liabilities	8,754,418	7,481,296
	248,544,188	263,926,107

Note:

- a) The Company has transferred an amount of ₹ 317,505 (2013 : ₹ Nil) to Investor Education and Protection Fund during the year.

10 Tangible assets

Amount in ₹

Particulars	Land (Freehold)	Leasehold buildings (including improve- ments)	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross Block								
Balance as at 01 April 2012	2,430,000	329,396,103	202,707,622	201,744,203	43,301,951	17,797,553	22,356,617	819,734,049
Additions	603,815,080	855,053,694	296,161,678	355,183,408	4,285,922	736,704	19,522,216	2,134,758,702
Disposals	-	-	6,918	673,614	23,277,267	96,576	9,962	24,064,337
Balance as at 31 March 2013	606,245,080	1,184,449,797	498,862,382	556,253,997	24,310,606	18,437,681	41,868,871	2,930,428,414
Additions	-	16,339,754	2,191,245	2,302,208	1,906,985	276,764	388,783	23,405,739
Disposals/Adjustments	603,815,080	871,286,548	308,150,286	358,468,243	4,336,373	2,683,945	19,487,384	2,168,227,859
Balance as at 31 March 2014	2,430,000	329,503,003	192,903,341	200,087,962	21,881,218	16,030,500	22,770,270	785,606,294
Accumulated depreciation								
Balance as at 01 April 2012	-	84,838,196	70,034,256	147,417,668	30,168,571	7,504,467	14,221,540	354,184,698
Charge for the year	-	30,918,684	24,189,739	92,474,867	6,934,330	861,229	4,419,557	159,798,406
Reversal on disposal/adjustments	-	-	1,194	623,243	22,340,353	21,643	8,021	22,994,454
Balance as at 31 March 2013	-	115,756,880	94,222,801	239,269,292	14,762,548	8,344,053	18,633,076	490,988,650
Charge for the year	-	31,595,759	23,154,932	91,603,617	3,190,190	905,262	3,975,291	154,425,051
Reversal on disposal/adjustments	-	38,031,481	32,119,058	155,922,629	1,726,555	1,276,531	4,492,725	233,568,979
Balance as at 31 March 2014	-	109,321,158	85,258,675	174,950,280	16,226,183	7,972,784	18,115,642	411,844,722
Net block								
Balance as at 31 March 2013	606,245,080	1,068,692,917	404,639,581	316,984,705	9,548,058	10,093,628	23,235,795	2,439,439,764
Balance as at 31 March 2014	2,430,000	220,181,845	107,644,666	25,137,682	5,655,035	8,057,716	4,654,628	373,761,572

Note:

Land (freehold) includes ₹ 2,430,000, representing the Company's share of land jointly owned with its subsidiary, Royal Orchid Jaipur Private Limited and Royal Orchid South Private Limited.

Notes to the financial statements for the year ended 31 March 2014

Amount in ₹

11 Intangible assets			
Particulars	Computer Software	Goodwill	Total
Gross Block			
Balance as at 01 April 2012	-	4,554,452	4,554,452
Additions	1,216,475	-	1,216,475
Balance as at 31 March 2013	1,216,475	4,554,452	5,770,927
Additions	-	-	-
Disposals	1,216,475	-	1,216,475
Balance as at 31 March 2014	-	4,554,452	4,554,452
Accumulated amortisation			
Balance as at 01 April 2012	-	4,554,452	4,554,452
Amortisation for the year	131,821	-	131,821
Balance as at 31 March 2013	131,821	4,554,452	4,686,273
Amortisation for the year	131,821	-	131,821
Reversal on disposals	263,642	-	263,642
Balance as at 31 March 2014	-	4,554,452	4,554,452
Net block			
Balance as at 31 March 2013	1,084,654	-	1,084,654
Balance as at 31 March 2014	-	-	-

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
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12 Non-current investments (Valued at cost, unless stated otherwise)

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

Investments in shares of subsidiaries

Icon Hospitality Private Limited (95,889 (31 March 2013 – 95,889) equity shares of ₹100 each)	192,032,412	192,032,412
Royal Orchid Hyderabad Private Limited (1,760,200 (31 March 2013 – 1,760,200) equity shares of ₹10 each)	-	17,602,000
Royal Orchid Jaipur Private Limited (1,650,000 (31 March 2013 – 1,650,000) equity shares of ₹10 each)	16,500,000	16,500,000
AB Holdings Private Limited (250,000 (31 March 2013 – 250,000) equity shares of ₹10 each)	2,500,000	2,500,000
Maruti Comforts & Inn Private Limited (407,636 (31 March 2013 – 209,100) equity shares of ₹100 each)	114,439,080	114,439,080
Multi Hotels Limited (30 (31 March 2013 – 30) equity shares of Tanzanian Shillings 1,000 each)	74,060,100	74,060,100
Royal Orchid Maharashtra Private Limited (5,000 (31 March 2013 – 5000) equity shares of ₹100 each)	500,000	500,000
Amar Tara Hospitality Private Limited (26,660,000 (31 March 2013 – 25,160,000) equity shares of ₹10 each)	266,600,000	251,600,000
Cosmos Premises Private Limited (202,381 (31 March 2013 – 202,381) equity shares of ₹10 each)	170,000,040	170,000,040

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Investments in shares of joint ventures		
Rajkamal Buildcon Private Limited (5,000 (31 March 2013 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
Ksheer Sagar Buildcon Private Limited (5,000 (31 March 2013 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
J H Builders Private Limited (5,000 (31 March 2013 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
Ksheer Sagar Developers Private Limited (5,000 (31 March 2013 – 5,000) equity shares of ₹10 each)	52,820,000	52,820,000
Long-term, non-trade investments in government securities (unquoted)		
National savings certificate	225,000	225,000
	1,048,136,632	1,050,738,632

	As at 31 March 2014		As at 31 March 2013	
	₹	₹	₹	₹
	Long term	Short term	Long term	Short term
13 Loans and advances (Unsecured, considered good)				
Advances to suppliers	-	13,725,861	-	20,382,701
	-	13,725,861	-	20,382,701
Security deposits				
for hotel properties	128,818,600	-	219,930,435	-
for others	76,248,623	398,500	22,663,477	1,632,900
	205,067,223	398,500	242,593,912	1,632,900
Dues from related parties (refer note 28)	464,310,833	11,100,000	-	245,319,870
Interest accrued and due on deposits	-	3,211,958	-	-
Prepaid expenses	-	13,132,683	-	18,419,699
Advance tax, net of provision of ₹ 446,804,187 (2013: ₹ 446,804,187)	52,390,886	-	17,373,584	-
MAT credit entitlement	-	3,900,000	-	3,900,000
Advances due from employees	-	2,151,139	-	2,001,427
Project advances	1,125,234	2,315,579	22,158,172	-
Others	-	6,319,218	-	11,229,665
	517,826,953	42,130,577	39,531,756	280,870,661
	722,894,176	56,254,938	282,125,668	302,886,262
Unsecured, considered doubtful				
Security deposit	1,200,000	-	-	-
Project advances	3,584,777	-	-	-
	4,784,777	-	-	-
Less: Provision for doubtful advances/deposit	(4,784,777)	-	-	-
	-	-	-	-
	722,894,176	56,254,938	282,125,668	302,886,262

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
14 Inventories		
Food and beverages	8,961,486	11,749,608
Stores and spares	3,114,230	3,074,393
	12,075,716	14,824,001

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
15 Trade receivables		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	9,562,477	7,970,834
Unsecured, considered doubtful	13,430,371	8,748,374
	22,992,848	16,719,208
Other debts		
Unsecured, considered good	66,598,562	80,540,581
Unsecured, considered doubtful	-	1,567,090
	66,598,562	82,107,671
	89,591,410	98,826,879
Less : Provision for doubtful debts	(13,430,371)	(10,315,464)
	76,161,039	88,511,415
16 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	134,102,280	73,660,629
- in deposit accounts (with maturity upto 3 months)	181,748,430	282,000
Cash on hand	2,397,575	2,608,494
	318,248,285	76,551,123
Other bank balances		
Balances with banks	15,851,034	591,742
- in deposit accounts (with maturity more than 3 months but less than 12 months)	15,851,034	591,742
	334,099,319	77,142,865

Notes to the financial statements for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
17 Revenue from operations		
From sale of services at hotels		
- Room nights	476,514,879	570,715,169
- Food and beverages	300,706,990	380,449,955
- Other services	19,445,470	21,278,004
From services at managed hotels	39,829,805	53,492,785
	836,497,144	1,025,935,913
18 Other income		
Interest income		
- from bank deposits	22,727,237	5,757,082
- from loans to subsidiaries	9,290,567	5,869,834
- from loans to joint ventures	24,252,264	11,248,095
Dividend income from subsidiary	5,059,525	-
Liabilities no longer required, written back	1,699,221	-
Gain on sale of fixed assets, net	163,415	4,284,167
Miscellaneous	24,151,131	7,932,867
	87,343,360	35,092,045
19 Food and beverages consumed		
Opening stock	11,749,608	11,722,356
Add : Purchases during the year	104,568,556	118,126,998
	116,318,164	129,849,354
Less : Closing stock	8,961,486	11,749,608
	107,356,678	118,099,746
20 Employee benefits expense		
Salaries and bonus	151,654,406	197,837,239
Contribution to provident and other defined contribution funds	8,268,605	10,785,222
Staff welfare expenses	17,907,257	21,674,790
	177,830,268	230,297,251
21 Finance costs		
Interest expenses		
- on term loan (including recompense fee)	55,043,587	96,151,240
less: capitalised during the year	-	66,982,147
	55,043,587	29,169,093
- on unsecured loans	12,204,383	7,741,604
- on overdraft	4,097,079	5,180,909
- on vehicle loans	195,565	225,710
Bank charges	1,852,559	9,161,745
	73,393,173	51,479,061
22 Depreciation and amortisation		
Depreciation	41,198,456	51,020,616
Amortisation	-	-
	41,198,456	51,020,616

Notes to the financial statements for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
23 Other expenses		
Guest transportation	2,438,338	4,865,124
Linen and room supplies	15,561,839	16,964,923
Catering and other kitchen supplies	7,161,871	7,408,560
Cablenet charges	5,274,420	8,878,077
Uniform washing and laundry	8,022,339	10,917,957
Music and entertainment	2,656,078	6,120,112
Banquet expenses	24,385,423	35,323,358
Power, fuel and water	90,047,226	102,493,345
Management fee	515,961	851,080
Garden, landscaping and decoration	1,922,318	2,179,911
Security charges	7,402,519	10,140,438
Communication and stationery	15,289,495	18,803,916
Subscription charges	7,958,441	9,434,391
Rent	95,541,160	180,602,906
Repairs and maintenance		
- Buildings	5,751,623	9,431,280
- Plant and equipment	11,320,317	40,881,004
- Others	9,095,050	11,556,172
Insurance	4,327,018	4,644,007
Commission, brokerage and discount	19,081,384	23,778,872
Rates and taxes	23,291,395	17,621,039
Legal and professional	23,570,464	34,321,346
Travelling and conveyance	11,626,710	13,006,840
Advertisement and business promotion	17,109,618	24,238,776
Provision for doubtful debts	3,114,907	3,359,009
Directors' sitting fees	660,000	580,000
Directors' commission	-	362,402
Recruitment expenses	556,760	822,075
Royalty	2,828,690	2,324,926
Assets written off	10,033,121	-
Investments written off	17,602,000	10,500,000
Provision for doubtful advances/deposits	4,784,777	-
Advances written off	1,666,571	10,526,612
Miscellaneous	8,228,631	11,928,864
	458,826,464	634,867,322
24 Earnings per share		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net (loss)/profit after tax attributable to equity shareholders in ₹	(269,286,614)	14,287,677
Basic and diluted earnings per share in ₹	(9.89)	0.52
Nominal value per equity share in ₹	10	10

25 Operating leases

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

The lease expense for cancellable and non-cancellable operating leases during the year is disclosed as "rent" under note 23.

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

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Payments falling due:		
Within 1 year	46,894,267	44,122,279
Later than one year but not later than five years	156,407,596	184,743,481
Later than 5 years	9,276,649	27,835,031
Total	212,578,512	256,700,791

26 Commitments and contingencies

a) Litigations

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

Based on an independent legal advise, the management believes that the case will be settled in its favour and will not affect its current and future operations."

b) Guarantees

The Company has given guarantees to banks for loans sanctioned to subsidiaries, joint ventures and an unrelated party amounting to ₹ 1,975,000,000 (31 March 2013: ₹ 1,975,000,000). The loans outstanding at year end - ₹ 661,710,580 (31 March 2013: ₹ 797,657,594).

c) Export obligation

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

Notes to the financial statements for the year ended 31 March 2014

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

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

Amount in ₹

Loans and advances in the nature of loans to subsidiaries	As at 31 March 2014	Maximum balance outstanding during the year ended 31 March 2014	As at 31 March 2013	Maximum balance outstanding during the year ended 31 March 2013
Royal Orchid Jaipur Private Limited *	4,641,581	4,641,581	4,641,579	13,436,833
A B Holdings Private Limited *	28,027,160	28,027,160	21,497,160	30,299,903
Royal Orchid South Private Limited *	-	-	-	1,062,730
Multi Hotels Limited *	30,956,809	32,118,745	22,765,245	22,765,245
Royal Orchid Maharashtra Private Limited *	24,920,125	24,920,125	24,700,819	24,700,819
Royal Orchid Associated Hotels Private Limited #	9,995,665	9,995,665	10,665	21,925,909
Icon Hospitality Private Limited	51,971,875	51,971,875	23,171,875	23,171,875
Maruti Comforts & Inn Private Limited	2,000,000	2,000,000	2,000,000	19,080,376
Amar Tara Hospitality Private Limited	63,851,707	63,851,707	11,325,184	11,325,184

The above loan amounts are repayable on demand.

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

Formerly Royal Orchid East Private Limited

28 Related party transactions

i. Parties where control exists

Name of party

Nature of relationship

Icon Hospitality Private Limited	Subsidiary
Cosmos Premises Private Limited *	Subsidiary
Maruti Comforts & Inn Private Limited	Subsidiary
Amar Tara Hospitality Private Limited	Subsidiary
Royal Orchid Hyderabad Private Limited	Subsidiary
Royal Orchid Jaipur Private Limited	Subsidiary
AB Holdings Private Limited	Subsidiary
Royal Orchid Associated Hotels Private Limited #	Subsidiary (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
Mr. Chander K. Baljee	Managing Director and Key Management Personnel

* Effective 05 September 2012, through acquisition of control of board

Formerly Royal Orchid East Private Limited

ii. Key Management Personnel (KMP)

Mr. Chander K. Baljee

Managing Director

iii. Relatives of key management personnel

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

28 Related parties (Cont'd)

iv. Transactions with related parties during the year

Amount in ₹

Nature of transaction	Subsidiary		Joint Venture		Key Management Personnel		Entities controlled by KMP	
	2014	2013	2014	2013	2014	2013	2014	2013
Management and technical fee income (excluding service tax)								
Ksheer Sagar Developers Private Limited	-	-	8,726,294	4,629,152	-	-	-	-
Interest income on loans granted								
Icon Hospitality Private Limited	3,245,292	2,317,182	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	360,000	2,994,018	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	5,685,275	558,634	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	24,252,264	11,248,095	-	-	-	-
Interest expense on loans taken								
Cosmos Premises Private Limited	864,383	1,179,745	-	-	-	-	-	-
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	10,440,000	5,437,475
Mr. Chander K. Baljee	-	-	-	-	900,000	1,124,384	-	-
Loans granted								
Multi Hotels Limited	8,191,564	7,857,078	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	9,985,000	2,304,880	-	-	-	-	-	-
AB Holdings Private Limited	7,530,000	-	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	219,306	2,759	-	-	-	-	-	-
Icon Hospitality Private Limited	31,300,000	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	67,526,523	6,927,812	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	7,000,000	-	-	-	-	-	-
Royal Orchid South Private Limited	-	94,600	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	66,000,000	35,550,000	-	-	-	-
Repayment of loans granted								
Royal Orchid Jaipur Private Limited	-	8,795,251	-	-	-	-	-	-
AB Holdings Private Limited	1,000,000	3,785,300	-	-	-	-	-	-
Icon Hospitality Private Limited	2,500,000	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	5,000,000	-	-	-	-	-	-
Loans taken								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	-	-
Mr. Chander K. Baljee	-	-	-	-	-	15,000,000	-	58,000,000

Notes to the financial statements for the year ended 31 March 2014

28. Related parties (Cont'd)

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

Nature of transaction	Subsidiary		Joint Venture		Key Management Personnel		Entities controlled by KMP	
	2014	2013	2014	2013	2014	2013	2014	2013
Repayment of loans taken								
Cosmos Premises Private Limited	202,534	440,315	-	-	-	-	-	-
Mr. Chander K. Baljee	-	-	-	-	-	10,000,000	-	-
Advances written off								
Royal Orchid South Private Limited	-	1,157,330	-	-	-	-	-	-
Sale of fixed asset								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	-	4,400,000
Conversion of share application money to unsecured loan								
J.H. Builders Private Limited	-	-	-	1,165,683	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	41,620,749	-	-	-	-
Raj Kamal Buildcon Private Limited	-	-	-	1,117,162	-	-	-	-
Ksheer Sagar Buildcon Private Limited	-	-	-	1,115,640	-	-	-	-
Remuneration								
Mr. Chander K. Baljee	-	-	-	-	4,800,000	15,900,000	-	-
Rental expense								
Baljees Hotels and Real Estates Private Limited								
Hotel Staylonger Private Limited	-	-	-	-	-	-	24,000,000	17,388,642
	-	-	-	-	-	-	6,000,000	4,355,363
Loans and advances receivable converted to investment (including current account balances)								
Amar Tara Hospitality Private Limited								
AB Holdings Private Limited	15,000,000	-	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	5,017,443	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	-	28,657,393	-	-	-	-	-	-
	-	21,915,244	-	-	-	-	-	-

28. Related parties (Cont'd)

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

Nature of transaction	Subsidiary		Joint Venture		Key Management Personnel		Entities controlled by KMP	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Loans receivable								
Royal Orchid Jaipur Private Limited	4,641,581	4,641,581	-	-	-	-	-	-
AB Holdings Private Limited	28,027,160	21,497,160	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	2,000,000	2,000,000	-	-	-	-	-	-
Multi Hotels Limited	30,956,809	22,765,245	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	24,920,125	24,700,819	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	9,995,665	10,665	-	-	-	-	-	-
Icon Hospitality Private Limited	51,971,875	23,171,875	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	63,851,707	11,325,184	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	169,641,010	103,641,010	-	-	-	-
J.H. Builders Private Limited	-	-	1,165,683	1,165,683	-	-	-	-
Raj Kamal Buildcon Private Limited	-	-	1,117,162	1,117,162	-	-	-	-
Ksheer Sagar Buildcon Private Limited	-	-	1,115,640	1,115,640	-	-	-	-
Technical and management fees receivable								
Ksheer Sagar Developers Private Limited	-	-	17,416,142	10,040,609	-	-	-	-
Loans payable								
Cosmos Premises Private Limited	(4,666,140)	(4,868,674)	-	-	-	-	(58,000,000)	(58,000,000)
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	(5,000,000)	-	-
Mr. Chander K. Baljee	-	-	-	-	-	-	-	-
Interest receivable on loans granted (net of taxes deducted at source)								
Icon Hospitality Private Limited	9,119,431	6,198,668	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	6,203,067	1,086,319	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	324,000	2,994,018	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	33,894,805	12,067,767	-	-	-	-

Amount in ₹

Notes to the financial statements for the year ended 31 March 2014

28. Related parties (Cont'd)

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

Nature of transaction	Subsidiary		Joint Venture		Key Management Personnel		Entities controlled by KMP	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Rent payable								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(3,717,518)	(5,888,643)
Hotel Staylonger Private Limited	-	-	-	-	-	-	(2,459,428)	(1,833,508)
Dues from/(to) a director, net (refer note vii below)								
Mr. Chander K. Baljee	-	-	-	-	10,613,425	(490,575)	-	-
Interest payable (net of tax deducted at source)								
Cosmos Premises Private Limited	(1,817,685)	(1,061,771)	-	-	-	-	-	-
Baljees Hotels and Real Estates Private Limited	-	-	-	-	(1,910,338)	(1,100,338)	(1,282,509)	(1,822,412)
Mr. Chander K. Baljee	-	-	-	-	-	-	-	-
Security deposit given								
Hotel Staylonger Private Limited	-	-	-	-	60,000,000	60,000,000	10,000,000	10,000,000
Mr. Chander K. Baljee	-	-	-	-	-	-	-	-
Security deposit payable								
Presidency College of Hotel Management	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Corporate guarantee taken outstanding								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	(390,000,000)	(390,000,000)
Personal guarantee taken outstanding								
Mr. Chander K. Baljee	-	-	-	-	(1,079,000,000)	(1,079,000,000)	-	-
Corporate guarantee issued outstanding								
Ksheer Sagar Developers Private Limited	-	-	700,000,000	700,000,000	-	-	-	-
Cosmos Premises Private Limited	100,000,000	100,000,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	950,000,000	950,000,000	-	-	-	-	-	-

vi. In the ordinary course of business, customers of the Company often settle a consolidated amount with companies affiliated with Royal Orchid Hotels Limited. The balances payable/receivable from each of the such affiliated companies are not considered to be material.

vii. During the year ended, the Company has paid remuneration payable to the Managing Director in excess of the limits defined in the Schedule XIII of Companies Act, 1956 amounting to INR 11,100,000. These amounts have been approved by the shareholders of the Company. The Company had applied for the necessary approvals which are awaited, pending which these amounts have been disclosed as recoverable from him.

Notes to the financial statements for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
29 Earnings in foreign currency		
Income from operations	180,121,074	205,653,334
30 Expenditure in foreign currency		
Commission	9,189,029	4,420,475
License and subscription	7,549,949	3,690,294
Others	954,581	-
31 Imported and indigenous food and beverages consumed	Year ended 31 March 2014	Year ended 31 March 2013
	Amount (₹)	Amount (₹)
	%	%
Imported	-	-
Indigenous	107,356,678	118,099,746
	107,356,678	118,099,746
	100%	100%

The consumption above is net of ₹ 9,466,468 (31 March 2013 – ₹ 14,231,595) representing amounts utilised for internal consumption which has been classified under staff welfare.

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
32 Value of imports on CIF basis		
Capital goods	-	78,715,214
33 Auditors' remuneration*		
Statutory audit and limited reviews	2,000,000	1,650,000
Service tax	247,200	203,940
	2,247,200	1,853,940

* Included in legal and professional under note 23

Notes to the financial statements for the year ended 31 March 2014

34. Investment in joint ventures

Information as required by Accounting Standard – 27 – “Financial Reporting of Interest in Joint Ventures”.

The Company's share in the assets, liabilities, income and expenditure of its joint ventures in India under jointly controlled entities is as follows:

Nature of transaction	Raj Kamal Buildcon Private Limited		Ksheer Sagar Developers Private Limited		Ksheer Sagar Buildcon Private Limited		J.H. Builders Private Limited		Cosmos Premises Private Limited	
	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2013
Equity interest (in %)	50	50	50	50	50	50	50	50	50	50
Fixed assets	50,095,023	50,634,977	426,418,706	451,822,782	50,095,023	50,634,977	50,094,967	50,634,921	-	-
Current assets	5,725	5,825	24,650,004	15,012,872	5,725	5,825	5,725	5,825	-	-
Non - current assets (excluding fixed assets)	-	-	4,678,581	4,576,992	-	-	-	-	-	-
Short term borrowings	1,120,343	1,120,343	178,305,880	112,305,880	1,119,191	1,119,191	1,168,829	1,168,829	-	-
Long term borrowings	-	-	233,228,864	281,000,000	-	-	-	-	-	-
Current liabilities (excluding short term borrowings)	1,096,392	878,476	163,897,469	122,816,733	1,096,046	878,338	1,095,761	869,118	-	-
Non - current liabilities (excluding long term borrowings)	-	-	724,180	413,634	-	-	-	-	-	-
Income	-	-	87,699,407	80,289,345	-	-	-	-	-	18,341,874
Expenses	232,273	679,491	161,812,917	153,675,039	232,065	679,483	241,000	718,467	-	19,529,055
Capital commitments	-	-	-	-	-	-	-	-	-	-

35 Segment information

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

36 Discontinuing operations

During October 2013, the Company announced that it had executed a Business Transfer Agreement with Samhi Hotels Private Limited for sale of Hotel Regenta One, Hyderabad ('the unit') for a consideration of ₹ 1,790 million. Accordingly, this unit is classified as a discontinuing operation. The carrying amounts of assets disposed and liabilities settled of the unit on 29 November 2013 ('the effective date') was ₹ 1,946.11 million and ₹ 29.65 million respectively, resulting in a loss on sale of the unit amounting to ₹ 132.94 million. The transfer of the unit was completed on the effective date after the necessary shareholder approvals. The net payable outstanding at balance sheet date towards working capital adjustment of ₹ 6.48 million is disclosed as a current liability. The net cash flows of this unit from operating, investing and financing activities during the period are ₹ 150.77 million, ₹ 15.60 million (negative) and ₹ 135.53 million (negative) respectively. Subsequently, the Company has executed a 'Hotels Operations Agreement' with the buyer for managing the unit.

The results of the ordinary activities of the unit until discontinuation were as under:

Particulars	Period ended 29 November 2013	Year ended 31 March 2013
Revenue from operations		
From sale of services at hotels		
- Room nights	47,940,006	54,137,912
- Food and beverages	46,934,400	32,205,087
- Other services	6,821,317	4,743,260
Other income	291,405	184,898
Total revenue	101,987,128	91,271,157
Expenses		
Food and beverages consumed	16,763,302	13,853,259
Employee benefits expense	26,320,053	30,798,796
Finance costs	135,312,454	121,745,533
Depreciation and amortisation	113,358,416	108,909,611
Other expenses	55,895,112	50,850,178
Total expenses	347,649,337	326,157,377
Loss before tax from ordinary activities of discontinuing operation	(245,662,209)	(234,886,220)
Tax expense	-	-
Loss after tax of discontinuing operation	(245,662,209)	(234,886,220)

During the previous year, the Company had sold its entire share holding in Royal Orchid Ahmedabad Private Limited ("the Subsidiary") to SAMHI Hotels Private Limited ("SAMHI") effective 30 May 2012 and the resultant gain of ₹ 276.39 million has been disclosed under (Loss)/Profit on sale of unit/investment under 'Profit/(Loss) from Discontinuing operations' in the Statement of Profit and Loss.

37 Comparatives

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

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf of Board of Directors

Chander K Baljee
Managing Director

R V S Rao
Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

Independent Auditors' Report



To the Board of Directors of Royal Orchid Hotels Limited

- 1 We have audited the accompanying consolidated financial statements of Royal Orchid Hotels Limited, ("the Company") and its subsidiaries and joint ventures (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2014, the consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

- 2 Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- 3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the financial information of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
 - ii) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements (after eliminating intra-group transactions) reflect total assets of ₹ 257,168,436 as at 31 March 2014; total revenues of ₹ 2,633,885 and net negative cash flows aggregating to ₹ 40,513,137 for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N

per **Anupam Kumar**

Partner

Membership No.: 501531

Bengaluru

29 May 2014

Consolidated Balance Sheet as at 31 March 2014

	Notes	As at 31 March-- 2014 ₹	As at 31 March 2013 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	272,339,650	272,339,650
Reserves and surplus	4	1,441,855,399	1,806,706,974
		1,714,195,049	2,079,046,624
Minority interest		353,054,221	378,988,238
Non-current liabilities			
Long-term borrowings	5	750,166,123	2,164,567,439
Deferred tax liability, net	6	35,834,052	77,915,331
Other long-term liabilities	7	14,992,410	8,797,584
Long-term provisions	8	23,558,412	24,587,413
		824,550,997	2,275,867,767
Current liabilities			
Short-term borrowings	5	261,949,878	228,501,795
Trade payables	9	152,184,276	272,964,925
Other current liabilities	10	642,202,407	563,566,982
Short-term provisions	8	4,403,130	4,213,889
		1,060,739,691	1,069,247,591
Total		3,952,539,958	5,803,150,220
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	2,514,268,942	4,654,490,112
Intangible assets	12	1,254,371	2,729,914
Capital work-in-progress		166,693,109	159,178,940
Goodwill (on consolidation)		177,472,146	177,390,701
Non-current investments	13	225,000	225,000
Long-term loans and advances	14	462,514,740	385,735,813
Other non current assets (margin money accounts)		5,453,088	14,148,164
		3,327,881,396	5,393,898,644
Current assets			
Inventories	15	20,422,860	22,434,027
Trade receivables	16	124,023,170	134,152,631
Cash and bank balances	17	376,991,740	94,926,973
Short-term loans and advances	14	89,483,170	151,440,710
Other current assets (unbilled revenue)		13,737,622	6,297,235
		624,658,562	409,251,576
Total		3,952,539,958	5,803,150,220

Summary of significant accounting policies and other explanatory information 2-34

Notes form an integral part of these consolidated financial statements

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**

(formerly Walker, Chandiok & Co)

Chartered Accountants

For and on behalf on Board of Directors

per **Anupam Kumar**
Partner

Chander K. Baljee
Managing Director

R.V.S. Rao
Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

Bengaluru
29 May 2014

Statement of Consolidated Profit and Loss for the year ended 31 March 2014

	Notes	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
Revenue			
Revenue from operations	18	1,420,401,011	1,603,014,746
Other income	19	71,149,735	26,415,471
Total revenue		1,491,550,746	1,629,430,217
Expenses			
Food and beverages consumed	20	177,743,983	188,790,614
Employee benefits expense	21	313,269,910	363,483,281
Finance costs	22	204,948,135	172,272,541
Depreciation and amortisation	23	138,482,493	164,726,277
Other expenses	24	721,605,751	869,744,462
Total expenses		1,556,050,272	1,759,017,175
Loss before tax from continuing operations		(64,499,526)	(129,586,958)
Tax expense			
Current tax		4,775,162	13,191,198
Deferred tax credit		(42,081,279)	(6,238,101)
Minimum alternative tax credit		(1,082,103)	(7,527,166)
		(38,388,220)	(574,069)
Loss after tax from continuing operations		(26,111,306)	(129,012,889)
Discontinuing operations			
Loss from discontinuing operations		(245,662,209)	(237,597,329)
Loss/(gain) on sale of unit/investment		(132,940,165)	276,390,230
		(378,602,374)	38,792,901
Net loss before minority interest		(404,713,680)	(90,219,988)
Minority interest		(29,778,908)	(12,740,483)
Net loss for the year		(374,934,772)	(77,479,505)
Loss per equity share of ₹10 each			
Basic/Diluted	25	(13.77)	(2.84)
Summary of significant accounting policies and other explanatory information	2 - 34		

Notes form an integral part of these financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf on Board of Directors

Chander K. Baljee
Managing Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

R.V.S. Rao
Director

Consolidated Cash Flow Statement for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
A. Cash flow from operating activities		
Net loss before tax	(443,101,900)	(90,794,057)
Adjustments for:		
Depreciation and amortisation	251,840,908	273,635,888
Assets written off	20,299,243	-
Gain on sale of investments	-	(276,390,230)
Loss on sale of unit	132,940,165	-
Interest income	(35,643,345)	(7,180,065)
Interest expense, net	327,579,928	283,810,286
Gain on sale of tangible assets	(163,415)	(4,346,726)
Provision no longer required written back	(4,153,447)	-
Provision for doubtful debts	4,670,085	8,767,116
Provision for doubtful deposits	5,033,533	-
Advances written off	1,666,571	10,018,506
Operating profit before working capital changes	260,968,326	197,520,718
Changes in working capital:		
(Decrease)/Increase in liabilities and provisions	(120,968,420)	206,493,442
Increase in trade receivables	(1,617,108)	(23,753,285)
Decrease in inventories	2,065,115	1,815,786
Decrease in loans and advances	16,117,484	118,355,210
Cash generated from operations	156,565,397	500,431,871
Direct taxes paid	5,966,111	11,880,972
Net cash generated from operating activities	150,599,286	488,550,899
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)	(122,109,480)	(146,713,063)
Sale of fixed assets	1,791,108,979	6,264,053
Interest received	18,040,503	7,668,124
Changes in margin money	8,695,076	4,979,109
Changes in other bank balances	(25,527,843)	-
Changes in project advances	16,695,049	(7,418,037)
Loans given to joint venture	(33,000,000)	(45,270,114)
Proceeds from sale of investment	-	190,052,591
Net cash generated from investing activities	1,653,902,284	9,562,663

Consolidated Cash Flow Statement for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
C. Cash flows from financing activities		
Interest paid, net of capitalised interest	(313,217,182)	(283,013,170)
Proceeds from long-term borrowings	-	60,701,646
Repayment of long-term borrowings	(1,272,577,573)	(495,393,408)
Proceeds from short-term borrowings	35,871,478	156,006,236
Repayment of short-term borrowings	-	(29,533,694)
Changes in bank overdraft, net	1,958,631	-
Dividends paid (including dividend distribution tax)	-	(14,416)
Net cash used in financing activities	(1,547,964,646)	(591,246,806)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	256,536,924	(93,133,244)
Cash and cash equivalents at the beginning of the year	93,593,048	186,726,292
Cash and cash equivalents at the end of the year (refer note 17)	350,129,972	93,593,048

Note :

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

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf on Board of Directors

Chander K. Baljee
Managing Director

R.V.S. Rao
Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

Notes to the consolidated financial statements for the year ended 31 March 2014

1 Background

Royal Orchid Hotels Limited ('the Company' or 'the Parent Company') was incorporated on 3 January 1986. The Company, along with its subsidiaries and joint ventures is engaged in business operating and managing of hotels/holiday resorts and providing related services.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent applicable). The accounting policies applied by the Company are consistent with those used in the previous year unless otherwise stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates are recognised prospectively in the current and future years. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for doubtful receivables, employee benefits and income taxes.

(c) Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company, its subsidiaries and joint ventures (hereafter collectively referred as 'the Group').

The list of the Company's subsidiaries and joint ventures with the percentage holding is as follows:

	Country of incorporation	Percentage of share holding/ voting power	
		31 March 2014	31 March 2013
Subsidiaries			
Icon Hospitality Private Limited	India	51.07%	51.07%
Maruti Comforts & Inn Private Limited	India	65.22%	67.00%
Royal Orchid Hyderabad Private Limited	India	100.00%	100.00%
AB Holdings Private Limited	India	100.00%	100.00%
Royal Orchid Jaipur Private Limited	India	100.00%	100.00%
Royal Orchid South Private Limited	India	100.00%	100.00%
Royal Orchid Associated Hotels Private Limited* (subsidiary of AB Holdings Private Limited)	India	100.00%	100.00%
Multi Hotels Limited	Tanzania	100.00%	100.00%
Royal Orchid Shimla Private Limited	India	100.00%	100.00%
Royal Orchid Goa Private Limited	India	100.00%	100.00%
Royal Orchid Maharashtra Private Limited	India	100.00%	100.00%

Notes to the consolidated financial statements for the year ended 31 March 2014

2 Summary of Significant accounting policies (Cont'd)

(c) Principles of consolidation (Cont'd)

	Country of incorporation	Percentage of share holding/voting power	
		31 March 2014	31 March 2013
Amar Tara Hospitality Private Limited	India	75.10%	74.00%
Royal Orchid Mumbai Private Limited	India	100.00%	100.00%
Cosmos Premises Private Limited	India	50.00%	50.00%
Joint Ventures			
Ksheer Sagar Buildcon Private Limited	India	50.00%	50.00%
Ksheer Sagar Developers Private Limited	India	50.00%	50.00%
Raj Kamal Buildcon Private Limited	India	50.00%	50.00%
J.H. Builders Private Limited	India	50.00%	50.00%

* Formerly Royal Orchid East Private Limited

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

The period of financial statements of the subsidiaries, joint ventures and associate for the purpose of consolidation is consistent with that of the Parent Company.

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

Proportionate share of interest in joint ventures has been accounted for by the proportionate consolidation method in accordance with Accounting Standard - 27 - "Financial Reporting of Interests in Joint Ventures".

An investment in an associate has been accounted for by the equity method of consolidation from the date on which it falls within the definition of associate in accordance with Accounting Standard - 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

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

Consolidated financial statements are prepared using uniform accounting policies across the Group.

(d) Revenue recognition

Revenues comprise income from the sale of room nights, food, beverages and allied services during a guest's stay at the hotel. Room revenue is recognised based on occupation and revenue from sale of food, beverages and other allied services, as the services are rendered.

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

Income from management and technical services are recognised as and when the services are rendered, based on agreements with the concerned parties.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Notes to the consolidated financial statements for the year ended 31 March 2014

2 Summary of Significant accounting policies (Cont'd)

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses. All costs relating to acquisition and installation of fixed assets are capitalised. Fixed asset acquired in exchange for another asset is recorded at the net book value of asset given up, which generally approximates its fair value.

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

Expenditure directly relating to expansion is capitalised only if it increases the life or functionality of an asset beyond its original standard of performance.

(f) Depreciation and amortisation

Depreciation/amortisation on fixed assets is provided on the straight line method, using the higher of rates specified in Schedule XIV to the Companies Act, 1956 or the management estimates of the economic useful lives of such assets. These rates are specified below:

Asset category	Rates of depreciation used (%)
Buildings	1.67 - 6.67
Plant and equipments	4.75 - 20.00
Furniture and fixtures	9.50 - 33.33
Vehicles	9.50-16.21
Office equipments	4.75
Computers	16.21
Intangible asset being computer software	16.21

Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase. Leasehold improvements including buildings are amortised over the term of lease.

(g) Borrowing costs

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

(h) Goodwill

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

(i) Impairment of assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated/amortised historical cost.

(j) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

2 Summary of Significant accounting policies (Cont'd)

(k) Inventory

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

(l) Foreign currency transactions

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

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

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

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

(m) Lease

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

Operating leases

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

(n) Retirement benefits

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

Provident fund

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

Gratuity

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

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

2 Summary of Significant accounting policies (Cont'd)

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability.

(0) Tax expense

Current tax

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

Minimum Alternate Tax

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

Deferred tax

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

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

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

(p) Earnings per share

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

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

(q) Provisions and contingent liabilities

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

(r) Onerous contracts

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

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014		As at 31 March 2013	
	Number	Amounts ₹	Number	Amounts ₹
3 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	50,000,000	500,000,000	50,000,000	500,000,000
	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and paid up				
Equity shares of ₹ 10 each	27,233,965	272,339,650	27,233,965	272,339,650
	27,233,965	272,339,650	27,233,965	272,339,650

	As at 31 March 2014	As at 31 March 2013
	₹	₹
4 Reserves and surplus		
Capital reserve	46,794,798	46,794,798
Foreign exchange earnings reserve	1,750,000	1,750,000
Securities premium account	1,130,684,095	1,130,684,095
General reserve		
Balance at the beginning of the year	101,593,740	101,593,740
Add: Transfer of profits to reserves on payment of interim dividend	790,000	-
	102,383,740	101,593,740
Currency translation reserve		
Balance at the beginning of the year	8,980,235	9,290,889
Changes during the year	17,652,455	(310,654)
	26,632,690	8,980,235

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
4 Reserves and surplus (Contd.)		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	516,904,106	594,383,611
Add: Loss for the year	(374,934,772)	(77,479,505)
Less: Interim dividend paid	(5,059,525)	-
Less: Tax on dividend distributed during the year	(1,719,733)	-
Less: Transfer of profits to reserves on payment of interim dividend	(1,580,000)	-
	133,610,076	516,904,106
Revaluation reserve		
Balance at the beginning of the year	-	226,986,639
Less: Withdrawn on sale of investment in Royal Orchid Ahmedabad Private Limited	-	226,986,639
	1,441,855,399	1,806,706,974

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

	As at 31 March 2014		As at 31 March 2013	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
5 Borrowings				
Secured				
Term loans				
From banks	941,436,068	-	2,027,489,540	-
From a financial institution	110,499,972	-	198,500,000	-
Funded Interest Term Loans (FITL)				
From banks	-	-	81,630,483	-
From a financial institution	-	-	12,867,151	-
Vehicle loan	9,291,844	-	13,318,283	-
Bank overdraft	-	65,145,169	-	63,186,538
	1,061,227,884	65,145,169	2,333,805,457	63,186,538
Less: Current maturities of long term debt	318,940,583	-	175,408,373	-
	742,287,301	65,145,169	2,158,397,084	63,186,538
Unsecured				
From a director	7,878,822	65,344,495	-	55,060,573
From other parties	-	131,460,214	6,170,355	110,254,684
	7,878,822	196,804,709	6,170,355	165,315,257
	750,166,123	261,949,878	2,164,567,439	228,501,795

Notes:

I) Corporate Debt Restructuring ("CDR")

During the previous year, the Company has executed a Corporate Debt Restructuring (CDR) scheme under the CDR mechanism of the Reserve Bank of India (RBI). In accordance with the approved CDR scheme and after attaining super-majority, the Company executed a Master Restructuring Agreement (MRA) with the lenders on 28 March 2013, with an effective date of 01 October 2012. The MRA, inter-alia, provided for waiver of certain existing obligations of the Company, restructuring of repayment terms for principal and interest, reduction/adjustment in interest rates, conversion of outstanding interest amounts to loan, pledge of entire promoter shareholding as additional security to lenders, promoter undertaking for additional infusion of funds, monitoring oversight and certain restrictive covenants, as defined and accordingly the measurement, classification and disclosures of the Company's term loan obligations have been recorded in these financial statements in accordance with the MRA. The Company has implemented the significant terms of the MRA.

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

- (i) (a) The Company was sanctioned a consortium term loan from State Bank of India, State Bank of Hyderabad and State Bank of Mysore for ₹ 1,000 million in April 2009 to finance the hotel project at Hyderabad.

This term loan was secured by way of first mortgage charge on all immoveable properties and assets of the said project and first charge by way of hypothecation of all moveable assets, both present and future. Additionally, the term loan was secured by the corporate guarantee of Alif Resources and Infrastructure Private Limited and personal guarantees of Mr. Chander K. Baljee, Managing Director and Mr. Kiran Kumar, Director, Alif Resources and Infrastructure Private Limited.

Pursuant to the Corporate Debt Restructuring, the term loan had been rescheduled and was repayable in 24 quarterly instalments commencing from 30 June 2014, bearing interest rates ranging between 13% - 17%.

During the year, the Company has repaid the consortium term loan and the balance outstanding as at 31 March 2014 is ₹ Nil (31 March 2013 - ₹ 889.96 million).

- b) The Company was sanctioned a term loan from State Bank of Hyderabad for ₹ 65 million in April 2009 to finance repairs, renovation, refurbishment and maintenance for Hotel Ramada, Bengaluru.

Term loan from bank is secured by equitable mortgage of lease hold property leased in favour of Hotel Royal Orchid and Hotel Ramada situated in Bengaluru and exclusive charge on assets created out of bank finance. Further, the term loan is secured by extension of first charge on all fixed assets of the Company, both present and future. Additionally, the term loan is secured by the corporate guarantees of Baljee Hotels and Real Estates Private Limited and Hotel Stay Longer Private Limited and a personal guarantee of Mr. Chander K. Baljee, Managing Director.

The Company was sanctioned a term loan from State Bank of Hyderabad for ₹ 129.50 million in April 2009 to finance for repairs, renovation, refurbishment and maintenance for Royal Orchid Central, Pune.

The loan is secured by equitable mortgage of lease hold property leased in favour of Royal Orchid Hotel situated at Pune and exclusive charge on assets created out of bank finance. Further, the term loan is secured by extension of first charge on all fixed assets of the Company, both present and future. Additionally, the term is secured by a personal guarantee of Mr. Chander K. Baljee, Managing Director.

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

During the year, the Company has repaid the term loan partially and the balance outstanding as at 31 March 2014 is ₹ 49.30 million (31 March 2013 - ₹ 84.40 million).

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

The loan is secured by a first pari-passu charge on equitable mortgage of leasehold property of Hotel Royal Orchid, Bengaluru. Additionally, the loan is secured by the corporate guarantee of Baljees Hotels and Real Estates Private Limited and a personal guarantee of Mr. Chander K. Baljee, Managing Director.

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

The balance outstanding as at 31 March 2014 is ₹ 285 million (31 March 2013 - ₹ 285 million).

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

Notes to the consolidated financial statements for the year ended 31 March 2014

The loan is secured by a first pari-passu charge on all the fixed assets, both present and future, of Hotel Royal Orchid, Bengaluru which comprise equitable mortgage of leasehold land and building and hypothecation of all movables ranking pari passu with State Bank of Hyderabad and IDBI Bank Limited. Additionally, the loan is secured by a personal guarantee of Mr. Chander K. Baljee, Managing Director.

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

During the year, the Company has repaid the term loan partially and the balance outstanding as at 31 March 2014 is ₹ 110.49 million (31 March 2013 - ₹ 198.50 million).

- iv) In accordance with the MRA, the interest on existing term loans for the period 01 October 2012 to 30 September 2013 was converted to a Funded Interest Term Loan ('FITL'), which was secured by extension of charge on security held by respective banks. During the year, the Company has repaid the FITL and the balance outstanding as at 31 March 2014 is ₹ Nil (31 March 2013 - ₹ 94.49 million).
- v) On December 2013, the Company has applied to the CDR cell for exiting the CDR scheme. Accordingly, the Company has recorded a recompense fee of ₹ 10.08 million towards closure of existing consortium term loans/FITL accounts during the year and has an outstanding amount of ₹ 6.78 million as at 31 March 2014, disclosed under "interest accrued and due on borrowings" in Note 10.

Interest amounting to ₹ 3.39 million on a secured term loan is outstanding for 1 month and interest amounting to ₹ 2.89 million on unsecured loans is outstanding for 2 - 25 months.

- vi) During the year ended 31 March 2008, Icon Hospitality Private Limited ("Icon") availed a term loan facility of ₹450 million from State Bank of Hyderabad and State Bank of Travancore [herein referred as SBH Consortium] for acquisition of the hotel premises. The loan is repayable in 32 quarterly instalments ending in September 2015. The loan is secured by way of pari-passu charge in favour of SBH Consortium equitable mortgage of the hotel property and a first charge on all movable fixed assets of Icon, both present and future. Additionally, these borrowing are secured by the personal guarantees of the Directors of Icon - Mr. Chander K. Baljee, Mr. Dayanand Pai and Mr. Satish Pai. The balance outstanding as at 31 March 2014 - ₹ 198.36 million (31 March 2013 - ₹ 233.95 million).
- vii) During the year ended 31 March 2009, Maruti Comforts & Inn Private Limited ("Maruti") has availed a term loan facility of ₹ 120 million from State Bank of Hyderabad. The loan is repayable in 20 quarterly instalments. This loan is secured by way of first charge on all fixed assets of Maruti including equitable mortgage of lease hold rights of land and building. Additionally these borrowings are secured by the personal guarantees of the Directors of Maruti - Mr Chander K. Baljee and Mr Ravi S. Doddi. The balance outstanding as at 31 March 2014 - ₹ 36.07 million (31 March 2013 - ₹ 62.50 million).
- viii) During the year ended 31 March 2009, Cosmos Premises Private Limited ("Cosmos") was sanctioned ₹ 100 million of term loan facility by State Bank of Hyderabad. The loan is repayable in 24 quarterly instalments ending June 2015 commencing from September 2009. The loan is repayable in 11 quarterly instalments commencing from April 2011 and ending October 2013. The loan is secured against an equitable mortgage of specified property of Cosmos and guarantees by Royal Orchid Hotels Limited and Vascon Engineers Limited. The balance outstanding for the Group as at 31 March 2014 - ₹ 24.28 million (31 March 2013 - ₹ 36.99 million).
- ix) During the year ended 31 March 2010, Ksheer Sagar Developers Private Limited ("KSDPL") availed a term loan of ₹ 700 million IDBI Bank Limited. The term loan is secured by way of first mortgage/charge on all movable and immovable assets of KSDPL, a corporate guarantee of Royal Orchid Hotels Limited (Joint Venturer) and the personal guarantees of Mr. Jagdish Prasad Tambi (Director of KSDPL) and Mr. Keshav Baljee (relative of director). The loan is repayable in 84 monthly instalments ending on March 2019. The balance outstanding for the Group as at 31 March 2014 - ₹ 289 million (31 March 2013 - ₹ 326 million).
- x) During the year ended 31 March 2011, Amar Tara Hospitality Private Limited ("Amar Tara") availed a term loan facility of ₹ 900 million from Axis Bank Limited. The loan is repayable in 33 quarterly instalments ending on March 2022. The loan is secured by way of first charge on the fixed assets, current assets of Amar Tara and the guarantees of Royal Orchid Hotels Limited and Amar Tara Private Limited. The balance outstanding as on 31 March 2014 - ₹ 59.43 million (31 March 2013 - ₹ 108.67 million).
- xi) Bank overdrafts bear a floating interest rate of 13.00 - 15.00%.
- xii) The vehicle loans are secured by the hypothecation of the vehicles concerned.
- xiii) The unsecured loans are repayable on demand and bear interest rate ranging between Nil - 18%.
- xiv) The current portion of the term loan where instalments are due within one year have been classified as "current maturities of long term debt" under other current liabilities.

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
6 Deferred tax liability, net		
Deferred tax liabilities on		
Depreciation and amortisation	109,441,740	141,659,402
	109,441,740	141,659,402
Deferred tax assets on		
Carry forward losses	53,823,209	43,296,162
Provision for employee benefits	10,668,708	10,710,896
Provision for doubtful debts and others	9,115,771	9,737,013
	73,607,688	63,744,071
	35,834,052	77,915,331
7 Other long term liabilities		
Lease rent equalisation	10,742,410	4,547,584
Advance received from customer	4,250,000	4,250,000
	14,992,410	8,797,584

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014		As at 31 March 2013	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
8 Provisions				
Employee benefits				
Gratuity	14,948,273	2,161,003	15,098,977	2,079,377
Compensated absences	8,610,139	1,594,127	8,840,436	1,642,512
Others	-	648,000	648,000	492,000
	23,558,412	4,403,130	24,587,413	4,213,889

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
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a) Employee benefits

Gratuity

Change in projected benefit obligation

Projected benefit obligation at the beginning of the year	17,178,354	13,862,165
Current service cost	4,105,449	4,780,808
Past service cost	-	779,233
Interest cost	1,342,599	(597,304)
Benefits paid	(580,160)	(1,081,349)
Actuarial gain	(4,936,965)	(565,199)
Liability recognised in the Consolidated Balance Sheet	17,109,276	17,178,354

Components of net gratuity costs are

Service cost	4,105,449	4,780,808
Interest cost	1,342,599	(597,304)
Recognised net actuarial gain	(4,936,965)	(565,199)

Expense recognised in the Consolidated Statement of Profit and Loss under note 21

511,083	3,618,305
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Assumptions used for Gratuity and Compensated absences

Discount rate	9.00%	8.20%
Rate of return on plan assets	N/A	N/A
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Retirement age	55 years	45 - 55 years
Mortality rates *	100% of IAL - 2	100% of IAL - 1

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

* IAL - 1: Indian Assured Lives Mortality (1994-96) modified Ult. | IAL - 2: Indian Assured Lives Mortality (2006-08) modified Ult.

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
9 Trade payables		
Creditors	152,184,276	272,964,925
	152,184,276	272,964,925
10 Other current liabilities		
Current maturities of long term debt	318,940,583	175,408,373
Interest accrued and due on borrowings	55,023,601	40,660,855
Accrued expenses	44,511,559	49,404,520
Dues to employees	44,767,898	44,281,969
Statutory dues	43,736,699	73,821,080
Dues to directors	15,484,666	1,226,184
Advance received from customers	26,375,107	27,397,127
Book overdraft	15,603,178	19,563,308
Payable to companies under same management	6,169,899	-
Project creditors (including retention money payable)	45,863,347	113,214,713
Other liabilities	25,725,870	18,588,853
	642,202,407	563,566,982

11. Tangible assets

Amount in ₹

Particulars	Land (Freehold)	Leasehold buildings (including improvements)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross Block								
Balance as at 01 April 2012	1,158,213,166	1,194,797,592	881,926,163	441,667,797	67,523,772	101,710,383	50,627,511	3,896,466,384
Additions/Adjustments (net)	417,555,055	737,569,799	242,105,235	323,470,252	16,749,865	(9,310,457)	17,302,718	1,745,442,467
Disposals	-	953,160	854,220	1,193,982	24,128,695	99,507	9,962	27,239,526
Balance as at 31 March 2013	1,575,768,221	1,931,414,231	1,123,177,178	763,944,067	60,144,942	92,300,419	67,920,267	5,614,669,325
Additions	16,743,097	16,472,545	5,483,058	2,519,287	2,490,193	297,414	609,814	44,615,408
Disposals/Adjustments	603,815,080	871,286,548	308,150,286	358,468,243	4,336,373	2,683,945	19,487,384	2,168,227,859
Balance as at 31 March 2014	988,696,238	1,076,600,228	820,509,950	407,995,111	58,298,762	89,913,888	49,042,697	3,491,056,874
Accumulated depreciation								
Balance as at 01 April 2012	1,786,417	201,538,812	198,142,215	225,744,071	40,891,415	25,681,211	28,624,920	722,409,061
Charge for the year	13,012,381	53,822,573	66,506,945	116,155,742	10,592,148	4,546,348	8,449,249	273,085,386
Reversal on disposal/adjustments	-	3,026,005	7,199,968	695,600	22,516,271	1,014,533	862,857	35,315,234
Balance as at 31 March 2013	14,798,798	252,335,380	257,449,192	341,204,213	28,967,292	29,213,026	36,211,312	960,179,213
Charge for the year	2,159,818	57,084,653	60,102,878	113,574,158	6,726,255	4,513,708	6,951,648	251,113,118
Reversal on disposal/adjustments	3,545,331	35,421,626	32,119,073	155,922,629	1,726,541	1,276,532	4,492,667	234,504,399
Balance as at 31 March 2014	13,413,285	273,998,407	285,432,997	298,855,742	33,967,006	32,450,202	38,670,293	976,787,932
Net block								
Balance as at 31 March 2013	1,560,969,423	1,679,078,851	865,727,986	422,739,854	31,177,650	63,087,393	31,708,955	4,654,490,112
Balance as at 31 March 2014	975,282,953	802,601,821	535,076,953	109,139,369	24,331,756	57,463,686	10,372,404	2,514,268,942

Notes to the consolidated financial statements for the year ended 31 March 2014

12 Intangible assets

Amount in ₹

Particulars	Computer Software	Goodwill	Total
Gross block			
Balance as at 01 April 2012	3,244,391	4,554,452	7,798,843
Adjustments	(488,065)	-	(488,065)
Additions	1,392,619	-	1,392,619
Balance as at 31 March 2013	4,148,945	4,554,452	8,703,397
Additions	205,080	-	205,080
Disposals	1,216,475	-	1,216,475
Balance as at 31 March 2014	3,137,550	4,554,452	7,692,002
Accumulated amortisation			
Balance as at 01 April 2012	962,479	4,554,452	5,516,931
Adjustments	(93,950)	-	(93,950)
Amortisation for the year	550,502	-	550,502
Balance as at 31 March 2013	1,419,031	4,554,452	5,973,483
Amortisation for the year	727,790	-	727,790
Reversal on disposals	263,642	-	263,642
Balance as at 31 March 2014	1,883,179	4,554,452	6,437,631
Net Block			
Balance as at 31 March 2013	2,729,914	-	2,729,914
Balance as at 31 March 2014	1,254,371	-	1,254,371

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
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13 Non-current investments (Valued at cost, unless stated otherwise)

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

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

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014		As at 31 March 2013	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
14 Loans and advances				
(Unsecured, considered good)				
Advances to suppliers	-	13,725,861	-	21,064,608
Capital advances	-	-	200,000	-
Security deposits	248,953,040	15,857,768	286,434,004	1,740,900
Dues from joint ventures	109,578,143	-	-	59,927,355
Dues from a director	-	11,100,000	-	-
Interest accrued and due on deposits	2,154,175	5,231,608	1,909,073	-
Prepaid expenses	28,422,962	18,514,238	29,491,332	22,898,595
Advance tax, net of provision	67,274,715	-	34,996,159	-
MAT credit entitlement	3,077,025	5,538,133	6,704,191	3,900,000
Advances dues from employees	-	1,938,311	-	2,001,427
Project advances	293,962	5,169,160	22,158,172	-
Others	2,760,718	12,408,091	3,842,882	39,907,825
	462,514,740	89,483,170	385,735,813	151,440,710
(Unsecured, considered doubtful)				
Security deposit	1,200,000	-	-	-
Project advances	3,584,777	-	-	-
	4,784,777	-	-	-
Less: Provision for doubtful advances/deposits	4,784,777	-	-	-
	-	-	-	-
	462,514,740	89,483,170	385,735,813	151,440,710
	As at 31 March 2014 ₹		As at 31 March 2013 ₹	
15 Inventories				
Food and beverages			15,005,338	16,522,802
Stores and spares			5,417,522	5,911,225
			20,422,860	22,434,027
16 Trade receivables				
(Unsecured)				
Considered good			124,023,170	134,152,631
Considered doubtful			31,776,388	29,254,997
			155,799,558	163,407,628
Less : Provision for doubtful debts			31,776,388	29,254,997
			124,023,170	134,152,631

Notes to the consolidated financial statements for the year ended 31 March 2014

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
17 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	161,759,041	88,023,554
- in deposit accounts (with maturity upto 3 months)	183,167,522	1,099,793
Cash on hand	5,203,409	4,469,701
	350,129,972	93,593,048
Other bank balances		
Balances with banks		
- in deposit accounts	26,861,768	1,333,925
(with maturity more than 3 months but less than 12 months)		
	26,861,768	1,333,925
	376,991,740	94,926,973
	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
18 Revenue		
Revenue from operations		
From sale of services at hotels		
- Room nights	825,651,231	918,744,063
- Food and beverages	500,788,125	582,029,915
- Other services	51,497,966	53,333,181
- Management and technical fee	42,463,689	48,907,587
	1,420,401,011	1,603,014,746
19 Other income		
Interest income		
- from bank deposits	23,517,213	7,180,065
- from loans to joint ventures	12,126,132	-
Gain on sale of fixed assets, net	163,415	4,346,726
Provision no longer required written back	4,153,447	-
Miscellaneous	31,189,528	14,888,680
	71,149,735	26,415,471
20 Food and beverages consumed		
Opening stock	16,522,802	16,230,770
Add : Purchases during the year	176,226,519	189,082,646
	192,749,321	205,313,416
Less : Closing stock	15,005,338	16,522,802
	177,743,983	188,790,614
21 Employee benefits expense		
Salaries and bonus	268,910,739	313,864,470
Contribution to provident and other defined contribution funds	13,522,131	17,135,887
Staff welfare expenses	30,837,040	32,482,924
	313,269,910	363,483,281

Notes to the consolidated financial statements for the year ended 31 March 2014

	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
22 Finance costs		
Interest expenses		
- on term loans	133,123,560	244,177,204
less: capitalised	-	82,112,451
	<u>133,123,560</u>	<u>162,064,753</u>
- on vehicle loans	8,953,626	-
- on unsecured loans	43,143,738	-
- on overdraft	7,046,550	-
Bank charges	12,680,661	10,207,788
	<u>204,948,135</u>	<u>172,272,541</u>
23 Depreciation and amortisation		
Depreciation	137,886,524	164,307,596
Amortisation	595,969	418,681
	<u>138,482,493</u>	<u>164,726,277</u>
24 Other expenses		
Guest transportation	7,195,129	9,290,866
Linen and room supplies	25,853,347	26,604,701
Catering and other kitchen supplies	16,164,109	15,460,344
Cablenet charges	12,973,905	14,318,273
Uniform washing and laundry	14,468,943	17,514,211
Music and entertainment	8,893,568	-
Banquet expenses	49,907,064	71,768,416
Power, water and fuel	142,220,994	152,293,726
Management fee	8,418,416	851,080
Garden, landscaping and decoration	1,922,318	1,523,981
Security charges	12,525,934	15,019,451
Communication and stationery	25,252,060	28,051,799
Subscription charges	10,413,539	12,451,853
Rent	137,855,206	218,636,470
Repairs and maintenance		
- Buildings	13,116,259	16,759,844
- Plant and equipment	18,347,002	46,957,915
- Others	13,462,842	14,820,388
Insurance	6,987,888	7,213,654
Commission, brokerage and discount	29,120,233	32,702,478
Rates and taxes	36,327,127	29,849,708
Legal and professional	29,604,647	40,026,652
Travelling and conveyance	20,076,907	17,111,273
Advertisement and business promotion	28,251,415	36,374,829
Provision for doubtful debts	4,670,085	8,553,914
Directors' commission	-	362,402
Royalty	2,828,690	2,324,926
Assets written off	20,299,243	-
Provision for doubtful advances/deposits	5,033,533	-
Advances written off	1,666,571	10,018,506
Miscellaneous	17,748,777	22,882,802
	<u>721,605,751</u>	<u>869,744,462</u>
25 Earnings per share		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net loss after tax attributable to equity shareholders in ₹	(374,934,772)	(77,479,505)
Basic and diluted loss per share in ₹	(13.77)	(2.84)
Nominal value per equity share in ₹	10	10

26 Related parties

- i. *Key Management Personnel (KMP)*
Mr. Chander K. Baljee
- ii. *Relatives of KMP*
Mrs. Sunita Baljee
Mr. Arjun Baljee
Mr. Keshav Baljee

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

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	Year ended 31 March 14	Year ended 31 March 13	Year ended 31 March 14	Year ended 31 March 13	Year ended 31 March 14	Year ended 31 March 13	Year ended 31 March 14	Year ended 31 March 13
Management and technical fee income								
Cosmos Premises Private Limited	-	655,930	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	4,363,147	2,314,576	-	-	-	-	-	-
Interest income on loan granted								
Ksheer Sagar Developers Private Limited	12,126,132	5,624,048	-	-	-	-	-	-
Interest expense on loans taken								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	10,440,000	5,437,475
Mr. Chander K. Baljee	-	-	900,000	1,124,384	-	-	-	-
Loans taken								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	-	58,000,000
Mr. Chander K. Baljee	-	-	-	15,000,000	-	-	-	-

Amount in ₹

26 Related parties (Cont'd)

iii. The transactions with related parties for the year are summarised below (Cont'd):

(Amounts in ₹)

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	Year ended 31 March 14	Year ended 31 March 13	Year ended 31 March 14	Year ended 31 March 13	Year ended 31 March 14	Year ended 31 March 13	Year ended 31 March 14	Year ended 31 March 13
Repayment of loan taken Mr. Chander K. Baljee	-	-	-	10,000,000	-	-	-	-
Sale of fixed asset Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	-	4,400,000
Loan granted Ksheer Sagar Developers Private Limited	33,000,000	17,775,000	-	-	-	-	-	-
Remuneration Mr. Chander K. Baljee	-	-	4,800,000	15,900,000	-	-	-	-
Rental expense Baljees Hotel and Real Estates Private Limited Hotel Staylonger Private Limited	-	-	-	-	-	-	24,000,000 6,000,000	17,388,642 4,355,363

26 Related parties (Cont'd)

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

(Amounts in ₹)

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	As at 31 March 14	As at 31 March 13	As at 31 March 14	As at 31 March 13	As at 31 March 14	As at 31 March 13	As at 31 March 14	As at 31 March 13
Loan receivable								
Ksheer Sagar Developers Private Limited	84,820,505	51,820,505	-	-	-	-	-	-
J.H. Builders Private Limited	582,842	582,842	-	-	-	-	-	-
Rajkamal Buildcon Private Limited	558,581	558,581	-	-	-	-	-	-
Ksheer Sagar Buildcon Private Limited	557,820	557,820	-	-	-	-	-	-
Technical and management fees receivable								
Ksheer Sagar Developers Private Limited	8,708,071	5,020,305	-	-	-	-	-	-
Loan payable								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	(58,000,000)	(58,000,000)
Mr. Chander K. Baljee	-	-	(5,000,000)	(5,000,000)	-	-	-	-
Interest payable on loans availed								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	(1,282,509)	(1,822,412)
Mr. Chander K. Baljee	-	-	(1,910,338)	(1,100,338)	-	-	-	-
Interest receivable on loan granted								
Ksheer Sagar Developers Private Limited	16,947,402	6,033,884	-	-	-	-	-	-
Dues from/(to) a director, net (refer note v below)								
Mr. Chander K. Baljee	-	-	9,922,977	(1,181,023)	-	-	-	-
Mrs. Sunita Baljee	-	-	-	-	(45,161)	(45,161)	-	-
Rent payable								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	(3,717,518)	(5,888,643)
Hotel Staylonger Private Limited	-	-	-	-	-	-	(2,459,428)	(1,833,508)

26. Related parties (Cont'd)

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

(Amounts in ₹)

Nature of transaction	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP		Entity controlled by KMP	
	As at 31 March 14	As at 31 March 13	As at 31 March 14	As at 31 March 13	As at 31 March 14	As at 31 March 13	As at 31 March 14	As at 31 March 13
Security deposit given								
Hotel Staylonger Private Limited	-	-	-	-	-	-	10,000,000	10,000,000
Mr. Chander K. Baljee	-	-	60,000,000	60,000,000	-	-	-	-
Security deposit payable								
Presidency college of Hotel Management	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Corporate guarantee taken outstanding								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	390,000,000	390,000,000
Personal guarantee taken outstanding								
Mr. Chander K. Baljee	-	-	1,529,000,000	1,529,000,000	-	-	-	-
Mr. Keshav Baljee	-	-	700,000,000	700,000,000	-	-	-	-
Corporate guarantee issued outstanding								
Ksheer Sagar Developers Private Limited	700,000,000	700,000,000	-	-	-	-	-	-

v During the year ended, the Company has paid remuneration payable to the Managing Director in excess of the limits defined in the Schedule XIII of Companies Act, 1956 amounting to ₹ 11,100,000. These amounts have been approved by the shareholders of the Company. The Company had applied for the necessary approvals which are awaited, pending which these amounts have been disclosed as recoverable from him.

Notes to the consolidated financial statements for the year ended 31 March 2014

27 Statement of information regarding subsidiary companies

Name of the subsidiary company	Amount in ₹										
	Issued Share Capital	Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding investment made in subsidiaries)	Turnover	Profit/ (loss) before tax	Tax expense	Profit/ (loss) after tax	'Proposed Dividend (including interim)
Icon Hospitality Private Limited	18,776,200	18,776,200	336,713,308	786,582,072	786,582,072	-	174,844,624	(50,592,370)	-	(50,592,370)	-
Maruti Comforts & Inn Private Limited	79,928,600	62,496,900	2,427,560	160,779,869	160,779,869	-	128,237,366	(7,861,675)	(1,446,488)	(6,415,187)	-
Royal Orchid Jaipur Private Limited	16,600,000	16,600,000	27,019,892	64,477,660	64,477,660	-	72,837,948	(1,257,694)	(1,777)	(1,255,917)	-
Cosmos Premises Private Limited	4,047,620	4,047,620	163,099,515	229,111,038	229,111,038	-	128,773,140	22,053,232	6,273,240	15,779,992	(10,119,050)
Royal Orchid Associated Hotels Private Limited*	5,000,000	5,000,000	14,851,299	63,735,479	63,735,479	-	29,122,277	(2,488,460)	-	(2,488,460)	-
Amartara Hospitality Private Limited	400,000,000	355,000,000	(20,909,709)	481,965,326	481,965,326	-	-	(18,827,005)	-	(18,827,005)	-
Royal Orchid Hyderabad Private Limited	17,700,000	17,700,000	(3,251,004)	15,201,701	15,201,701	-	-	(18,394)	-	(18,394)	-
Royal Orchid South Private Limited	9,100,000	9,100,000	(10,371,437)	2,535,168	2,535,168	-	-	(105,482)	-	(105,482)	-
AB Holdings Private Limited	2,600,000	2,600,000	(14,189,290)	16,986,045	16,986,045	-	-	(109,973)	-	(109,973)	-
Royal Orchid Shimla Private Limited	500,000	500,000	(92,765)	511,795	511,795	-	-	(8,679)	-	(8,679)	-
Royal Orchid Goa Private Limited	500,000	500,000	(74,078)	511,795	511,795	-	-	(8,679)	-	(8,679)	-
Royal Orchid Maharashtra Private Limited	500,000	500,000	(2,216,997)	23,250,685	23,250,685	-	-	(162,047)	-	(162,047)	-
Royal Orchid Mumbai Private Limited	500,000	500,000	(54,067)	500,000	500,000	-	-	(6,232)	-	(6,232)	-
Multi Hotels Limited (refer note iii)	967	967	129,659,282	168,754,662	168,754,662	-	-	(10,266,122)	-	(10,266,122)	-

Formerly Royal Orchid East Private Limited

* Formerly Royal Orchid East Private Limited

Notes:

- The aforesaid data in respect of the subsidiaries is for a period of 12 months ended 31 March 2014.
- Turnover includes revenue from operations and other income.
- Converted into Indian rupees at the exchange rate, 1 Tanzanian Shillings = ₹ 0.0367 as on 31 March 2014.

Notes to the consolidated financial statements for the year ended 31 March 2014

28 Operating leases

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

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

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

Payments falling due	Year ended 31 March 2014	Year ended 31 March 2013
	₹	₹
Within one year	83,530,215	79,978,677
Later than one year but not later than five years	247,017,151	302,117,551
Later than 5 years	222,335,065	250,764,879
	552,882,431	632,861,107

29 Commitments and contingencies

a) Litigations

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

Based on an independent legal advise, the management believes that the case will be settled in its favour and will not affect its current and future operations.

b) Guarantees

The Company has given guarantees to banks for loans sanctioned to subsidiaries, joint ventures and an unrelated party amounting to ₹ 1,975,000,000 (31 March 2013: ₹ 1,975,000,000). The loans availed and outstanding as at 31 March 2014 - ₹ 661,710,580 (31 March 2013 - ₹ 797,657,594).

c) Export obligation

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

Notes to the consolidated financial statements for the year ended 31 March 2014

30 Revaluation of assets

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

31 Segment information

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

32 Discontinuing operations

During October 2013, the Company announced that it had executed a Business Transfer Agreement with Samhi Hotels Private Limited for sale of Hotel Regenta One, Hyderabad ('the unit') for a consideration of ₹ 1,790 million. Accordingly, this unit is classified as a discontinuing operation. The carrying amounts of assets disposed and liabilities settled of the unit on 29 November 2013 ('the effective date') was ₹ 1,946.11 million and ₹ 29.65 million respectively, resulting in a loss on sale of the unit amounting to ₹ 132.94 million. The transfer of the unit was completed on the effective date after the necessary shareholder approvals. The net payable outstanding at Balance Sheet date towards working capital adjustment of ₹ 6.48 million is disclosed as a current liability. The net cash flows of this unit from operating, investing and financing activities during the period are ₹ 150.77 million, ₹ 15.60 million (negative) and ₹ 135.53 million (negative) respectively. Subsequently, the Company has executed a 'Hotels Operations Agreement' with the buyer for managing the unit.

The results of the ordinary activities of the discontinued operation until discontinuation were as under:

Particulars	Period ended 29 November 2013	Year ended 31 March 2013
Revenue from operations		
From sale of services at hotels		
- Room nights	47,940,006	64,083,727
- Food and beverages	46,934,400	36,481,231
- Other services	6,821,317	5,117,810
Other income	291,405	295,905
Total revenue	101,987,128	105,978,673
Expenses		
Food and beverages consumed	16,763,302	15,344,382
Employee benefits expense	26,320,053	33,555,344
Finance costs	135,312,454	126,672,559
Depreciation and amortisation	113,358,415	108,909,611
Other expenses	55,895,113	59,094,106
Total expenses	347,649,337	343,576,002
Loss before tax from ordinary activities of discontinuing operation	(245,662,209)	(237,597,329)
Tax expense	-	-
Loss after tax of discontinuing operation	(245,662,209)	(237,597,329)

Notes to the consolidated financial statements for the year ended 31 March 2014

During the previous year, the Company had sold its entire share holding in Royal Orchid Ahmedabad Private Limited ("the Subsidiary") to SAMHI Hotels Private Limited ("SAMHI") effective 30 May 2012 and the resultant gain has been disclosed as (Loss)/Profit on sale of unit/investment under 'Profit/(Loss) from Discontinuing operations' in the Consolidated Statement of Profit and Loss.

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

34 Comparatives

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

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Anupam Kumar**
Partner

Bengaluru
29 May 2014

For and on behalf on Board of Directors

Chander K. Baljee
Managing Director

R.V.S. Rao
Director

Payal Sharma
Company Secretary

Bengaluru
29 May 2014

NOTICE



Notice is hereby given that the Twenty Eighth Annual General Meeting of Members of ROYAL ORCHID HOTELS LIMITED will be held on Monday, the September 29, 2014 at 11:00 A.M. at the Registered Office of the Company at No.1, Golf Avenue, adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt (a) The Audited Balance sheet of the Company as on March 31, 2014 and Profit and Loss Account and Cash Flow Statement as on that date together with the Reports of Board of Directors and the Auditors thereon (b) The Consolidated Financial Statement of the Company for the Financial Year 2013-14.
2. To appoint a Director in place of Mr. Sunil Sikka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Walker Chandiok & Co. LLP, (formerly M/s. Walker, Chandiok & Co.) Chartered Accountants, Bengaluru (LLP No. N500013), the retiring Auditors, to hold office as Statutory Auditors of the Company from the conclusion of the Twenty Eighth Annual General Meeting until the conclusion of next Annual General Meeting and to authorise the Board of Directors or any Committee thereof to fix their remuneration.

SPECIAL BUSINESS:

4. **To re-approve payment of remuneration of Mr. C K Baljee, Managing Director of the Company for the year 2014-2015**

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 including Schedules thereon and the relevant Rules thereof (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of the Central Government, if required, the consent of the Members of the Company be and is hereby accorded for the payment of remuneration to Mr. C K Baljee as Managing Director of the Company for a period of one year from April 1, 2014 to March 31, 2015, at the same terms and conditions as already approved by the Members of the Company and as stated in the Explanatory Statement. "

5. **To approve re-appointment of Mr. C K Baljee as Managing Director of the Company and to approve the remuneration:**

To consider, and if thought fit, to pass with or without modification(s), as a **Special Resolution:**

RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the relevant Rules made thereunder (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) read with Schedule V to the Companies Act, 2013 and subject to the approval of the Central Government, if required, the consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. C K Baljee as the Managing Director of the Company with effect from April 1, 2015 for a period of five years, at such remuneration and on the terms and conditions approved by the Nomination and Remuneration Committee and as set out in the employment contract, details of which are stated in the Explanatory Statement.

RESOLVED FURTHER THAT the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration as decided above be paid in accordance with the approval of the Central Government.

RESOLVED FURTHER THAT wherever in any Act, Articles, Contract or otherwise it has been provided that any item relating to above matters shall have express approval of the Shareholders of the Company or the Company could carry out that transaction/activity only if the Shareholders so authorizes, then and in that case, this resolution hereby expressly authorizes and approves those transactions and it shall be deemed that such transactions/activities have been approved and permitted without any further action from the Shareholders.

RESOLVED FURTHER THAT all actions taken by the Board of Directors (including any Committee thereof) and all matters related thereto are specifically approved and ratified.

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorised to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to alter or amend or revise or vary the terms of remuneration from time to time and obtaining the Central Government's approval if any and to do all things incidental and ancillary thereto."

6. **To approve Employee Stock Option Scheme – 2014 (ESOP Scheme – 2014)**

To consider, and if thought fit, to pass with or without modification(s), as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 62 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modifications or re-enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India

Notice

(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines"), the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed, any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s), including the Nomination & Remuneration Committee constituted by the Board to exercise its powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to introduce and implement the "Royal Orchid Hotels Limited Employee Stock Option Scheme - 2014" (the "ESOP Scheme - 2014") and to create, grant, offer, issue and allot at any time, in one or more tranches, to or for the benefit of such person(s) who are present or future employees of the Company, whether working in India or outside India, including Managing and/or Whole-time Director(s) of the Company (hereinafter referred to collectively as "employees"), and other persons eligible, selected on the basis of criteria decided by the Board under the ESOP Scheme - 2014, in aggregate, 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2014 i.e. up to 1,361,698 equity shares, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of applicable laws and ESOP Scheme - 2014.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division or other re-organisation of capital structure of the Company, as applicable from time to time, if any additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the Stock Options granted earlier, the above ceiling of 5% equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued and allotted on exercise of Stock Options granted under the ESOP Scheme - 2014 and the exercise price of Stock Options granted under the ESOP Scheme - 2014 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the ESOP Scheme - 2014.

RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms as may be approved by the Members of the Company, the Board is authorised to formulate, evolve, decide upon and implement the ESOP Scheme - 2014, determine the detailed terms and conditions of the aforementioned ESOP Scheme - 2014 including but not limited to the quantum of the Stock Options to be granted per employee, the number of Stock Options to be granted in each tranche, the terms or combination of terms subject to the said Stock Options are to be granted, the exercise period, the vesting period, the vesting conditions, instances where such Stock Options shall lapse and to grant such number of Stock Options, to such employees of the Company, at par or at such other price, at such time and on such terms and conditions as set out in the ESOP Scheme - 2014 and as the Board may in its absolute discretion think fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of Stock Options from time to time in the manner aforesaid, and such equity shares shall rank *pari passu* in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the said securities may be allotted in accordance with the Scheme directly to such employees by the Company or through a Trust, which may be set up in any permissible manner, to enable the employees/ trust to acquire, purchase or subscribe to the securities of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to either issue fresh shares out of the capital or acquire shares from the secondary market, as provided under the SEBI guideline or as amended from time to time or any enactment in this regard, at such terms and conditions as may be prescribed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the ESOP Scheme - 2014, as it may deem fit, from time to time or to suspend, withdraw or revive the ESOP Scheme - 2014 from time to time in conformity with the provisions of the Act, the SEBI Guidelines and other applicable laws unless such variation, amendment, modification or alteration is detrimental to the interest of the employees who have been granted Stock Options under the ESOP Scheme - 2014.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the ESOP Scheme - 2014 on the Stock Exchanges where the securities of the Company are listed in accordance with the provisions of the Listing Agreement with the concerned Stock Exchanges, SEBI Guidelines and other applicable laws and regulations and further authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary.

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

**Place : Bengaluru
Date : August 13, 2014**

**Chander K Baljee
Managing Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/AUTHORITY, AS APPLICABLE. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.
2. Pursuant to Clause 49 of the Listing Agreement, the particulars of the Director seeking re-appointment at the meeting are annexed.
3. The Companies Act, 2013 was notified in the Gazette of India on August 30, 2013 whilst only certain Sections of the New Act became effective from September 12, 2013. Accordingly, the New Act and the Companies Act, 1956 co-exist and both have been mentioned in the Notice, wherever applicable.
4. Members are requested to notify immediately the change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Registrars and Share Transfer Agents in respect of their shareholding in physical segment by mentioning the folio nos. etc.
5. Members/Proxies should bring the attendance slip sent herewith duly filled in, along with their copies of Annual Report for attending the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2014 to 29.09.2014 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
7. Members desiring any information as regards to the accounts are requested to write to the Company Secretary at least 10 days before the date of the Meeting, so as to enable the Management to keep the information ready.
8. The members are requested to deposit the print out copy of the Attendance/Proxy Form, those who are opted to receive the Annual Report in electronic mode.
9. As per RBI notification, with effect from October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new and unique bank account number, allotted by banks pursuant to implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transaction.
10. Members who hold shares in the dematerialized form and want to change/correct the bank account details should furnish the new 10-digit Bank Account Number allotted to them by your bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP). The Company will not entertain any direct requests from such members for change of address, transportation of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of Dividend, Registrar is obliged to use only the data provided by the Depositories, in case of such demat shares.

Voting through electronic means:

11. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and amendments to clause 35B of the Listing Agreement vide Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through E-voting services provided by Central Depository Services (India) Limited (CDSL). Shareholders are requested to go through the procedures for E-voting carefully.

12. Procedure for E-voting:

A. Steps to cast E-vote:

- i. Log on to the e-voting website www.evotingindia.com
- ii. Click on "Shareholders" tab to cast your votes.
- iii. Now, fill up the following details in the appropriate boxes:

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

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- iv. Next enter the Image Verification as displayed on the screen and Click on Login.
- v. 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.
- vi. **First time Users have to follow steps:**

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio 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 Folio number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

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

C. Note for Institutional Shareholders:

- xiii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, as "CORPORATES" link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- xiv. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- xv. 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.
- xvi. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- xvii. 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.
- xviii. 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 investors@royalorchidhotels.com or contact the Company or Registrar & Share Transfer Agent.
- xix. 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 website of CDSL within two days of passing at AGM and will be communicated to the NSE Ltd. and BSE Ltd.

13. Mr. G Shanker Prasad, Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the e-voting process to ensure that the process is carried out in a fair and transparent manner.
14. The voting period begins on September 23, 2014 at 9:00 a.m. and ends on September 25, 2014 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
15. Shareholders who do not cast their vote as per e-voting procedure described above may vote through postal ballots by using the postal ballot forms as enclosed and the postal ballot forms should reach the company's registered office on or before September 25, 2014.

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

**Place : Bengaluru
Date : August 13, 2014**

**Chander K Baljee
Managing Director**

ANNEXURE I

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

(a) Re- appointment of Mr. Sunil Sikka, who retires by rotation:

Name of the Director	Mr. Sunil Sikka
Date of Birth	24.08.1958
Date of Appointment	30.09.2000
Qualification	Post Graduate in Commerce
Expertise in specific functional areas	Vast experience in Export Industry
List of other Companies in which he is a Director	M/s. India Exposition Mart Limited
Chairman / Member of the Committees of other Companies in which he is a Director	NIL
Shareholding in the Company	1,15,296

(b) Re-appointment of Mr. C K Baljee as Managing Director of the Company

Name of the Director	Mr. C K Baljee
Date of Birth	21-02-1951
Date of Appointment	03-01-1986
Qualification	MBA (IIM)
Expertise in specific functional areas	Over four decades of expertise in Hospitality Industry
List of other Companies in which he is a Director	Icon Hospitality Private Limited Maruti Comforts & Inn Private Limited Royal Orchid Jaipur Private Limited Royal Orchid Hyderabad Private Limited Royal Orchid South Private Limited Multi Hotels Limited Royal Orchid Maharashtra Private Limited Royal Orchid Goa Private Limited Royal Orchid Shimla Private Limited Royal Orchid Mumbai Private Limited Baljees Hotels and Real Estates Private Limited Hotel Stay Longer Private Limited Harsha Farms Private Limited Royal Orchid West Private Limited Royal Orchid Resorts Private Limited
Chairman / Member of the Committees of other Companies in which he is a Director	NIL
Shareholding in the Company	11,939,560

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STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS MENTIONED IN THE NOTICE OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY

Item No. 4:

The Board of Directors at its meeting held on May 27, 2010 had re-appointed Mr. C K Baljee as Chairman and Managing Director of the Company for a period of five years commencing from April 1, 2010 to March 31, 2015 and the same had been approved by the Shareholders at their General Meeting held on September 24, 2010. As payment of remuneration required Central Government approval, the Company had sought approval and the approval had been given vide their letter dated March 9, 2014 for the period of three years, i.e from April 1, 2010 to March 31, 2013.

Thereupon the Company had sought again the approval of Shareholders for the payment of remuneration to Mr. C K Baljee for the remaining period of April 2013- March 2015, and the shareholders had approved the same on November 11, 2013 through postal ballot. Thereafter, the Central Govt. had approved the remuneration for one year only i.e. for from April 1, 2013 to March 31, 2014 in view of the provisions of new Companies Act, 2013 becoming effective from April 1, 2014.

Hence it is proposed to seek the shareholders' approval for the payment of remuneration for the remaining period of one year from April 1, 2014 to March 31, 2015. The details of the remuneration which is the same as what had already been approved by the shareholders is reproduced below:

I. Salary - ₹10,00,000/- per month.

II. Commission – 1% of the net profits of the company, with a maximum ceiling limit of ₹ 30 Lakhs

III. Perquisites and allowances: a) Rent free furnished residential accommodation (or) HRA of ₹ 4,00,000/- per month and facilities and amenities such as Gas, Electricity, Water etc., along with maintenance, renovation of the house, furniture & white goods. b) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of two months' salary per year which can be carried forward. c) Leave Travel concession/Leave Encashment for self and family in a year incurred, subject to a ceiling of two month's salary. d) Club fees subject to a maximum of five clubs, admission and life membership fee not being allowed. e) Personal Accident/Medical Insurance of an amount the premium of which shall not exceed ₹ 25,000/- per month for self & family f) Contribution by the company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the company. g) Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service. h) The Managing Director shall be entitled to bonus/ex-gratia as may be declared by the Company in any financial year. i) Free use of two Company's cars with drivers for Company's business. j) Free Telephone facility at residence and Mobile Telephone but personal long distance calls will be billed to him. k) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company. l) Reimbursement of ₹10,000/- per month towards expenditure on books and periodicals.

Item No. 5:

The Board of Directors at its meeting held on August 13, 2014 has re-appointed Mr. C K Baljee as Managing Director of the Company for a period five years commencing from April 1, 2015 to March 31, 2020 as per the applicable provisions of the Companies Act, 2013, including any Schedules and the relevant Rules thereof. This re-appointment as Managing Director is subject to the approval of the Members at the 28th AGM of the Company and any other regulatory approvals, if applicable.

I Brief Terms of Re- appointment of C K Baljee as Managing Director (MD):

1. The re-appointment of Mr. Baljee as MD is for a period of five years commencing from April 1, 2015 to March 31, 2020. Mr. Baljee will be a Member of the Board of Directors of the Company entrusted with substantial powers of management having total control on general conduct and management of the business affairs of the Company.
2. Mr. Baljee will be based at Bengaluru and will undertake such travel in and outside India as may be necessary from time to time in relation to the business of the Company.
3. Mr. Baljee shall perform such duties and responsibilities as may be entrusted to him from time to time subject to the superintendence and control of the Board of Directors of the Company.
4. No sitting fee shall be paid to Mr. Baljee as Director/Managing Director for attending the meetings of the Board of Directors or any Committee/s thereof.
5. The employment agreement entered into with Mr. Baljee can be terminated for convenience by either by the company or Mr. Baljee by way of notice of one year to the other party.
6. Shareholding - Mr. Baljee holds 11,939,560 equity shares of ₹ 10/- each, amounting to 43.84% of shareholding of the Company as on June 30, 2014. There are no outstanding Stock options to Mr. Baljee as on March 31, 2014.

II Brief Terms of Remuneration payable to Mr. Baljee as Managing Director:

Subject to the applicable provisions of the Companies Act, 2013, Income Tax Act and any other applicable regulations, the remuneration payable to Mr. Baljee will be as follows:

- A. Salary- ₹ 12.00 lakhs per month form April 1, 2015 - March 31, 2016;
₹ 13.20 lakhs per month form April 1, 2016 - March 31, 2017;
₹ 14.52 lakhs per month form April 1, 2017 - March 31, 2018.
- B. In addition, to salary, Mr. Baljee will be entitled to the following allowances and perquisites for the period April 1, 2015 – March 31, 2018:
 - (i) Commission – 1% of the net profits of the company, with a maximum ceiling limit of ₹ 30 Lacs.
 - (ii) Perquisites and allowances: a) Rent Free furnished residential accommodation (or) HRA of ₹ 4,00,000/- per month and facilities and amenities such as Gas, Electricity, Water etc., along with maintenance, renovation of the house, furniture & white goods. b) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of two months' salary per year which can be carried forward. c) Leave Travel concession/Leave Encashment for self and family in a year incurred, subject to a ceiling of two month's salary. d) Club fees subject to a maximum of five clubs, admission and life membership fee not being allowed. e) Personal Accident/Medical Insurance of an amount the premium of which shall not exceed ₹ 25,000/- per month for self & family f) Contribution by the company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the company. g) Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service. h) The Managing Director shall be entitled to bonus/ex-gratia as may be declared by the Company in any financial year. i) Free use of two Company's cars with drivers for Company's business. j) Free Telephone facility at residence and Mobile Telephone but personal long distance calls will be billed to him. k) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company. l) Reimbursement of ₹ 10, 000/- per month towards expenditure on books and periodicals.

Where if in any financial year the Company has no profits or its profits are inadequate, Mr. Baljee shall be entitled to receive the same enhanced Managerial Remuneration subject to compliance with applicable provisions of the Companies Act, 2013 and to the extent necessary, with the approval of the Central Government. For any increase in the remuneration of Mr. Baljee, the Company would seek approval of Shareholders or the Compensation Committee of the Board, as may be applicable. Mr. Baljee does not suffer any of the disqualification prescribed under law and hence, qualifies for appointment as Managing Director of the Company.

Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act 2013, requires Shareholders to approve the appointment and remuneration payable to the Whole-time-Directors. Accordingly, your Directors recommend the passing of the Resolutions as specified in Item No. 5 of the notice convening the Twenty Eighth AGM.

Memorandum of Concern or Interest

No Directors and Key Managerial Personnel of the Company are concerned or interested, financial or otherwise other than Mr. C K Baljee (along with his relatives), who is interested in or concerned in the aforesaid Resolution.

The appointment letter of Mr. Baljee is kept open for inspection of the Members at the Registered Office situated at, No. 1, Airport road, Bengaluru - 560 008, on any working day of the Company between 10.00 a.m. to 5.30 pm. The terms and conditions of appointment will be placed before the Members for their confirmation at this Annual General Meeting of the Shareholders.

I. General Information:

- (1) Nature of industry- Hospitality Industry
- (2) Date of commencement of commercial production- February 3, 1986
- (3) Financial performance based on given indicators: Details are given under the Directors report under the heading financial performance.
- (4) Foreign investments or collaborations- The Company has invested in one subsidiary abroad.

II. Information about the appointee:

- (1) Background details- An MBA from IIM, Ahmedabad, Mr. C K Baljee is the Founder, and Chairman & Managing Director of Royal Orchid Hotels Limited. He has over three decades of experience in hospitality industry.
- (2) Past remuneration of Mr. C K Baljee for 3 preceding Financial Years, excluding perquisites, is : for 2013-14 ₹ 1.20 Cr; 2012-13 ₹ 1.59 Cr; 2011-12 ₹ 1.41 Cr.
- (3) Recognition or awards- Mr. C K Baljee has been featured in the IIM Ahmedabad book "Stay Hungry Stay Foolish" which chronicles the rise of 25 entrepreneurs. He is an active member of the All India Management Association, the Greater Mysore

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Chamber of Commerce and Industry, and the Confederation of Indian Industry. He is a certified Hotel Administrator from American Hotel and Lodging Association (AH & LA). Mr. C K Baljee was facilitated as the “Hero of Bengaluru” at Bengaluru Management Association’s 61st Anniversary Awards 2014 where Royal Orchid Hotels was recognised as one of the strongest pillars of Bengaluru’s Business World.

- (4) Job profile and his suitability- The position of Managing Director of a Company is entrusted with substantial powers of management having total control on general conduct and management of the business affairs of the Company. Mr. C K Baljee being an MBA from IIM, Ahmedabad, and is the Founder & Managing Director of the Company from its inception. Moreover, he possesses over three decades of experience in hospitality industry.
- (5) The said remuneration is comparable with respect to industry, size of the Company, profile of the position and person.

III. Other information : Explained in the other parts of Annual Report.

Item No. 6:

The Employee Stock Option Scheme – 2014 (ESOP Scheme - 2014) is introduced to foster a sense of participation amongst eligible employees of the Company and its subsidiaries and covered all eligible employees initially and select key employees recruited thereafter.

Accordingly, the Board of Directors (“the Board”) of the Company at its meeting held on August 13, 2014, approved introduction of the ‘Royal Orchid Hotels Limited Employee Stock Option Scheme - 2014’ (hereinafter referred to as the “ESOP Scheme - 2014”), subject to the approval of the Members and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the “SEBI Guidelines”) and authorised the Nomination & Remuneration Committee to formulate the detailed terms and conditions of the ESOP Scheme - 2014 and to administer and implement the ESOP Scheme – 2014 in accordance with the SEBI Guidelines.

Approval of the Members is being sought for issue of Stock Options to eligible employees of the Company, including its Managing and/or Whole-time Director(s) and that of its holding and/or subsidiary companies by the introduction of the ESOP Scheme - 2014. The ESOP Scheme - 2014 is being formulated in accordance with the SEBI Guidelines. The salient features of the ESOP Scheme - 2014 are as follows:

Total number of Stock Options to be granted	5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2014 i.e. up to 1,361,698 equity shares.
Identification of classes of employees entitled to participate in the ESOP Scheme – 2014	All permanent employees (including Directors) in various Cadres of the Company and its holding company and subsidiaries as on the date of Grant, including new joiners, as may be decided by the Board and/ or Nomination & Remuneration Committee, would be eligible for the ESOP Scheme - 2014. Employees of associate companies would be granted Options, if permitted by law.
Requirements of vesting and period of vesting	Vesting will commence one year after the date of Grant. The vesting period and the percentage of vesting each year shall be at the rates decided by the Board and / or Nomination & Remuneration Committee.
Exercise price or pricing formula	The exercise price for the purposes of the grant of Stock Options will be as per terms & conditions decided by the Board and/or Nomination & Remuneration Committee at the time of respective grant of Stock Options, but at a price not below the Face value of the equity share and shall be as per the SEBI Guidelines.
Exercise period and process of exercise	The Exercise Period would be as decided by the Board at the time of grant and in case of retirement/ death 24 months from the date of such event.
Disclosure and accounting policies	The Company will comply with the disclosures and the accounting policies as specified in Schedule I referred to in Clause 13.1 of the SEBI Guidelines and as amended from time to time.
Other terms and conditions	Shall be determined by the Board/Nomination and Remuneration Committee.

ROYAL ORCHID HOTELS LIMITED

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

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholder,

Sub: Electronic Mode of Service of documents

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

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

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

Name of the Shareholder	Correspondence Address	DP ID / FOLIO No.	CLIENT ID	E-MAIL ID	Contact No./ MOBILE No.

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

For Royal Orchid Hotels Limited

Place :
Date :

Chander K Baljee
Managing Director

ROYAL ORCHID HOTELS LTD.

Corporate Identity Number (CIN): L55101KA1986PLC007392

Regd. Office: No. 1, Golf Avenue, Adj. KGA Golf Course, HAL Airport Road, Bengaluru - 560 008.

TWENTY EIGHTH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2014

ATTENDANCE SLIP

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

I/We hereby record my/our presence at the 28th ANNUAL GENERAL MEETING of the Company held on Monday, the September 29, 2014 at 11:00 A.M. at Registered Office: No. 1, Golf Avenue, adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008.

Signature of the Shareholder/Proxy present:

* Applicable for investors holding shares in Electronic Form.

TWENTY EIGHTH ANNUAL GENERAL MEETING – SEPTEMBER 29, 2014

FORM NO. MGT 11

PROXY FORM

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

ROYAL ORCHID HOTELS LTD.

Corporate Identity Number (CIN): L55101KA1986PLC007392

Regd. Office: No. 1, Golf Avenue, Adj. KGA Golf Course, HAL Airport Road, Bengaluru - 560 008.

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

I/We, being member (s) of shares of ROYAL ORCHID HOTELS LIMITED, the above named Company hereby appoint

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

E-Mail ID:..... signature:....., or failing him/her

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

E-Mail ID:..... signature:....., or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Company, to be held on Monday, September 29, 2014 at 11:00 A.M. at Registered Office: No. 1, Golf Avenue, adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560008., or at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	For	Against
1.	Adoption of Financial statements and reports thereof for the financial year 2013-14		
2.	Re-appointment of Executive Director- Mr. Sunil Sikka as Director liable to retire by rotation.		
3.	Re-appointment of M/s. Walker Chandiok & Co. LLP, as Statutory Auditors of the Company and approval of their remuneration.		
4.	Re-approval for remuneration to Managing Director for the year 2014-15		
5.	Approval for re-appointment and remuneration of Mr. C K Baljee as Managing Director		
6.	Approval of ESOP 2014 Scheme.		

Signed thisday of2014.

Signature of the Shareholder:

Signature of Proxy Holder(s):

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

Note: * Applicable for investors holding shares in Electronic Form.



ROYAL ORCHID HOTELS LIMITED

CIN No: L55101KA1986PLC007392

Registered Office: No. 1, Golf Avenue, adjoining KGA Golf Course, HAL Airport Road, Bengaluru-560008

Telephone: 080 4178300,

Website: www.royalorchidhotels.com Email:investors@royalorchidhotels.com,

BALLOT / POLL FORM

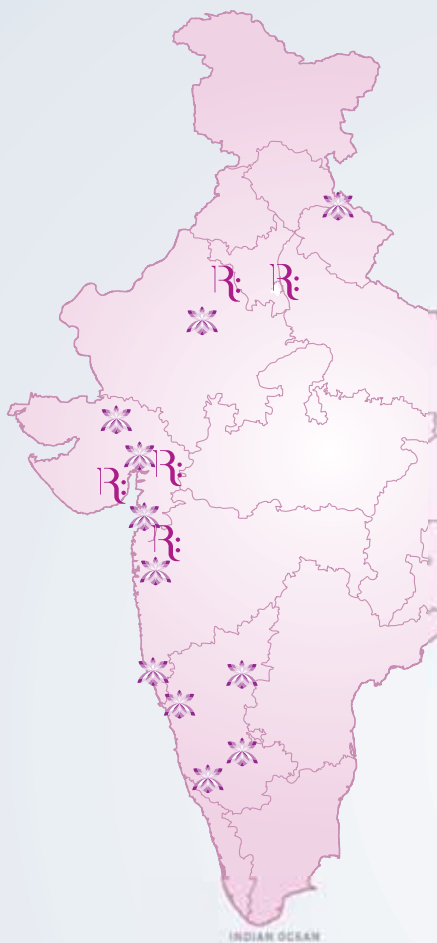
(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the Notice by sending the duly filled and signed Ballot / Form to Mr. Shanker Prasad, Practicing Company Secretary (the Scrutinizer): No. 10, AG'S Colony, Anand Nagar, Bengaluru-560024 so as to reach him on or before September 25, 2014

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

*Applicable for investors holding shares in Electronic form.

I/We exercise my / our vote in respect of the Ordinary Resolution(s) / Special Resolution(s) as specified in the Notice of Royal Orchid Hotels Limited dated September 29, 2014 to be passed through Ballot/Poll for the businesses stated in the said Notice by convening my/our assent or dissent to the said Resolution in the relevant box below:

Sl. No.	Resolution	Type of resolution (Ordinary / Special)	I/ We assent to the resolution (For)	I/ We dissent to the resolution (Against)
Ordinary Business				
1	Adoption of Financial statements and reports thereof for the financial year 2013-14	Ordinary		
2	Re-appointment of Executive Director - Mr. Sunil Sikka as Director liable to retire by rotation.	Ordinary		
3	Re-appointment of M/s. Walker Chandiok & Co. LLP, as Statutory Auditors of the Company and approval of their remuneration.	Ordinary		
Special Business				
4	Re-approval for remuneration to Managing Director for the year 2014 - 15	Special		
5	Approval for re-appointment and remuneration of Mr. C K Baljee as Managing Director	Special		
6	Approval of ESOP 2014 Scheme.	Special		



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Royal Orchid Central
Regenta Central

GUJARAT

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

NAVI MUMBAI

Royal Orchid Central Grazia

MAHABALESHWAR

Regenta MPG Club

PUNE

Royal Orchid Central,
Royal Orchid Golden Suites

GOA

Royal Orchid Beach Resort & Spa

SHIMOGA

Royal Orchid Central

HOSPET

Royal Orchid Central

BANGALORE

Hotel Royal Orchid (KGA Golf Course),
Royal Orchid Central,
Royal Orchid Suites, Hotel Ramada,
Royal Orchid Resort & Convention Centre

MYSORE

Royal Orchid Brindavan Garden,
Royal Orchid Metropole



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