ROYAL ORCHID HOTELS LTD.,

Regd. Office :
1, Golf Avenue, Adjoining KGA Golf Course,
HAL Airport Road, Kodihalli, Bangalore - 560 008, India.
T +91 80 41783000, F : +91 80 252 03366
www.royalorchidhotels.com
CIN : L55101KA1986PLC007392
email : investors@royalorchidshotels.com

Date: September 01, 2017

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

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

Sub: Notice of Book Closure and Annual General Meeting of the Company

Dear Sir/Madam,

Pursuant to Regulation 42 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), we would like to inform you that:

1. The 31st Annual General Meeting ("AGM") of the members of the Company, will be held on Wednesday, September 27, 2017, a copy of Notice calling the AGM, along with Annual Report of the Company, is enclosed herewith.

2. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, the 20th Day of September, 2017 to Wednesday , the 27th Day of September, 2017 (both days inclusive)**, for the purpose of AGM of the Company

Further, Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the LODR (as amended from time to time), the Company is pleased to provide to its members, the facility for transacting all the businesses set out in this Notice, through electronic voting system (to cast their vote electronically from a place other than the venue of Annual General Meeting) by using the electronic voting facility provided by Central Depository Services Limited ("CDSL"), the detailed procedure and instructions relating to e-voting, has been incorporated in the Notes attached to the Notice calling AGM.

ROYAL ORCHID HOTELS LIMITED
BANGALORE

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The e voting period begins on **Thursday, the 21st Day of September, 2017 at 09:30 Hrs** and ends on **Tuesday, the 26th Day of September, 2017 at 17:00 Hrs**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Tuesday, the 19th Day of September, 2017** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

We request you to inform your members accordingly.

Thanking you,

Yours Sincerely,

For, **ROYAL ORCHID HOTELS LIMITED**

R. Sanyal

ROYAL ORCHID HOTELS LIMITED BANGALORE

RANABIR SANYAL
COMPANY SECRETARY AND COMPLIANCE OFFICER

Encl: As Above

C. C.:
Central Depository Services Limited
National Securities and Depository Limited
Integrated Registry Management Services Pvt. Ltd.

ROYAL ORCHID
HOTELS

RE:GEN:TA
HOTELS

Annual Report
2016-2017

Dear Shareholders,

It's a remarkable year for Royal Orchid as the profits of our Company in the current year 2016-17 has increased by 32% as compared to previous year 2015-16 and the Company also paid an interim dividend at the rate of 10% after a gap 5 years from the last dividend declared by the Company for the year 2010-11.

We see a robust outlook for the hospitality industry and for Royal Orchid in the current financial year mainly due to limited supply of new properties and various initiatives undertaken by the government to promote tourism especially in tier-II and tier-III cities. We have swapped the loans of the Parent Company, Ksheer Sagar Developers Pvt. Ltd., & Icon Hospitality Pvt. Ltd., for a longer tenure & lower interest rates. This will improve the profitability & liquidity of the companies. Your company has taken up skill development in a large way, all our associates are being trained under American Hotel & Lodging Association (AHLA) courses. This will result in enhancement of the services across the board.

Three years back we decided to adopt the asset-light strategy and we started aggressively for getting management contracts. Just to give an idea, in the last one year, we have added about 8 hotels having 374 rooms and this trend will continue over the next couple of years. Today we have about 43 hotels in our portfolio, out of which 10 are owned/leased hotels and 33 are managed hotels. We plan to go up to 45 managed hotels in the next one year. This strategy is working well and we are finding that, on a standalone basis, this subsidiary, which runs all of these managed hotels, has crossed the breakeven level and has turned profitable this year. So, I think going forward this is only going to grow.

With a consistently growing middle class and increasing disposable income, the tourism and hospitality sector is witnessing a healthy growth and accounts for 7.5 per cent of the country's GDP. According to a report by KPMG, the hospitality sector in India is expected to grow at 16.1 per cent CAGR to reach Rs. 2,796.9 crores in 2022.The hospitality sector encompasses a wide variety of activities within the services sector and is a major job provider both direct and indirectly. The sector attracts the most FDI (Foreign Direct Investment) inflow and is the most important net foreign exchange earners for the country. It also contributes significantly to indirect tax revenue at the state and central level which includes revenues from VAT, Service Tax, and Luxury Tax etc.

The development in the hospitality sector and its commitments to the GDP will keep on being generously higher than different areas of the economy on the back of enormous tourism potential in the nation. However, the hospitality sector is one of the most heavily taxed industries and is saddled with multiple layers of tax such as VAT, service tax, luxury tax, etc. ranging from 20 per cent - 30 per cent. While the operationalization of the highly anticipated GST administration is relied upon to defend the tax collection structure, carry a positive result with streamlined assessments, improve simplicity of working together and lower cost for customers, there is a critical requirement for bringing down the expense exacted, to boost and draw in more investment to the part.

Our Company has a healthy balance sheet, 43 hotels having an inventory of 3,159 rooms and 1,24,469 Royal reward members spread across 28 cities in 10 states. A major part of the flagship hotel has been renovated; Royal Orchid Central and Ramada Bangalore have been upgraded. This will result in better revenues in times to come. All this would not have been possible without the excellent work done by the Management team, duly supported by all the employees. Please join me in congratulating every employee in Royal Orchid Group for this performance in 2016-17 and also in encouraging them to do even better in the future.

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

With warm regards.
C.K. Baljee
Managing Director

BOARD OF DIRECTORS

Managing Director	-	Mr. Chander K. Baljee
Non-Executive Directors	-	Mr. Sunil Sikka Mrs. Sunita Baljee
Independent Directors	-	Mr. Vijay K. Rekhi Dr. Vivek Mansingh (w.e.f. August 12, 2016)
Additional Director	-	Mr. Naveen Jain(w.e.f. October 25, 2016)
Chief Financial Officer	-	Mr. Amit Jaiswal
Company Secretary	-	Dr. (H. C.) Ranabir Sanyal (w.e.f. August 26, 2016)
Statutory Auditors	-	M/s. Deloitte Haskins & Sells LLP Deloitte Centre, Anchorage - II 100/2, Richmond Road, Bengaluru - 560 025.
Internal Auditors	-	M/s. ASA & Associates LLP (w.e.f. April 01, 2017) Chartered Accountants Level-2 , Park Square No. 150 36th Cross, Jayanagar, 7th Block, Bengaluru - 560 082
Bankers	-	State Bank of Hyderabad HDFC Bank Axis Bank Corporation Bank State Bank of Mysore IDBI Bank Limited ICICI Bank
Registered Office	-	No. -1, Golf Avenue, Adjoining KGA Golf Course HAL Airport Road, Bengaluru, Karnataka - 560 008
Corporate Identity Number	-	L55101KA1986PLC007392
Registrar & Share Transfer Agent	-	Integrated Registry Management Services Pvt. Ltd. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003

CONTENTS

Description	Page No.
Boards' Report	2
Management Discussion and Analysis Report	26
Report on Corporate Governance	33
Auditors' Report for Standalone Financial Statements	51
Balance Sheet - Standalone	56
Profit & Loss - Standalone	57
Cash Flow Statement - Standalone	58
Notes to the Standalone Financial Statements	60
Auditors' Report to Consolidated Financial Statements	87
Balance Sheet - Consolidated	90
Profit and Loss - Consolidated	91
Cash Flow Statement - Consolidated	92
Notes to the Consolidated Financial Statements	93
Notice	122

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

Boards' Report

Dear Members,

The Board of Directors of your Company, with immense pleasure, present the Thirty First Annual Report of your Company along with the Audited Balance Sheet, Profit and Loss Account and Cash Flow Statement (Standalone and Consolidated), Schedules and Notes to Accounts for the year ended March 31, 2017.

Financial Performance

The Company's financial performance, for the financial year ended March 31, 2017 on standalone and consolidated basis is summarized below:

(₹ in crores)

Financial Particulars	As on March 31, 2017		As on March 31, 2016	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	162.53	91.30	158.53	87.85
Other Income	7.06	8.25	4.36	5.61
Total revenues	**169.59**	**99.55**	**162.89**	**93.46**
Food and beverages consumed	20.23	11.78	20.75	12.04
Employee Benefit Expenses	38.66	19.28	36.88	18.35
Finance Costs	12.16	6.02	14.92	6.11
Depreciation	13.11	4.25	13.90	4.00
Other Expenses	83.24	48.27	80.56	46.80
Total Expenses	**167.40**	**89.60**	**167.01**	**87.30**
Profit/(Loss) before exceptional items, tax and minority interest	**2.19**	**9.95**	**(4.12)**	**6.16**
Exceptional Item	-	-	1.32	1.32
Profit/(Loss) before tax and minority interest	**2.19**	**9.95**	**(2.80)**	**7.48**
Tax expense	0.78	0.04	0.84	-
Minority Interest	(1.05)	-	(2.34)	-
Profit/(Loss) for the year	**2.46**	**9.91**	**(1.30)**	**7.48**

Key Financial and Operational Highlights

Standalone performance:

During the financial year 2016-17, the revenue from operations was ₹91.30 crores as compared to ₹87.85 crore for the financial year 2015-16, thus marking a growth of 4% over the previous year. The Company has generated net profit of ₹9.91 crores during the year ended March 31, 2017 as Compared to ₹7.48 crores for the year ended March 31, 2016 thus registering a growth of 32% over the previous year. During the year, the Company has declared and paid an interim dividend of 10% i.e. Re. 1 per equity share of ₹10/-.

Consolidated/ Group performance:

During the financial year 2016-17, the consolidated revenue from operations was ₹162.53 crores as compared to ₹158.53 crore for the financial year 2015-16, thus marking a growth of 2.5% over the previous year. The Company has generated consolidated net profit of ₹2.46 crores during the year ended March 31, 2017 as compared to net loss of ₹1.30 crores for the year ended March 31, 2016 thus registering a growth of 289% over the previous year.

Key Business Developments during the year

The Company continues to expand through 'asset light strategy' and building the brand portfolio through Management Contracts and Franchise Contracts in various parts of the country and abroad. Royal Orchid Group has presence in **28** cities in **10** states with **3,159** Rooms and **1.24** Lakh Royal reward members. Most of the hotels in the group are present in Metro cities. ROHL has demonstrated the scalability of keys by establishing its presence in Tier I & Tier II cities. ROHL will continue to bring Luxury rooms at lower rates across country.

Details of new hotels Opened during the year are as follows:

- **Regenta Central Amritsar**

Hotel Regenta Central is a well planned 4-star hotel and is considered as one of the best hotels in Amritsar, which is a bustling city located in Punjab. Amritsar is also considered as a heritage city by the Government of India. Owing to its strategic location Hotel Regenta Central is also an ideal accommodation option while considering hotels in Amritsar near Golden Temple.

The city of Amritsar is renowned for the Golden Temple which is a popular tourist destination and an important religious center of the Sikhs. Hotel Regenta Central is just 5 minutes away from the Golden Temple ideally suited for any business or leisure travelers in the city. The hotel offers amazing luxurious rooms in various categories, and state-of-the-art halls to play host for various events. Sartaj Ballroom, Season I Hall and Sargun, Season II Hall, are all spacious and can serve any event from elegant weddings to huge social events, corporate events and other business functions.

- **Regenta Central Jhotwara, Jaipur**

Hotel Regenta Central Jhotwara, Jaipur is located in the hub of industrial area and is in close proximity to the Jaipur airport and railway station. With state-of-the-art banquet venues, fine dining outlets, and well-appointed rooms, our hotel is indeed the best choice of accommodation for all modern day travelers in the city. The pink city offers a multi-faceted world of tradition, culture and business. This hotel is positioned to offer all that and more.

- **Regenta Central Deccan, Chennai**

Hotel Regenta Central Deccan offers 93 well-appointed rooms featuring three different categories like Superior rooms, Luxury Suites, and Deluxe suites and all the rooms are well supported with modern amenities. The hotel also offers some of the best vegetarian restaurants in Royapettah Chennai for delectable culinary tour. Its signature restaurant 'Olives' serve multi cuisines and L9 Mylai, serves authentic South Indian cuisines for delighting every palate of the patrons. It's bar Downtown serves mouth-watering light snacks and refreshing beverages for an unforgettable experience in Chennai. The hotel has a number of classy and well-equipped venues for hosting meetings and events and offers some of the best banquet halls in Royapettah Chennai to organize seamless events.

- **Regenta Inn Larica, Kolkata**

Hotel Regenta Inn Larica is a prominent landmark in Rajarhat, downtown Kolkata. Located at a distance of just 2 km from the domestic and international airport, it is easily accessible from all major places of interest in the city. With adequate dining options, classy rooms and banqueting facilities, Regenta Inn Larica, Kolkata is an ideal choice of accommodation for any traveler in the city. Featuring 45 rooms including Premium Rooms, Executive Rooms and Suites, Regenta Inn Larica, Kolkata is ideal for both business and leisure travelers. With in-room dining facilities and complimentary toiletries, these elegant rooms and suites are well-equipped with all modern amenities to craft a wonderful stay for you. These aesthetically pleasing rooms and suites exude a sheer sense of joy and comfort at their very sight.

- **Regenta Inn, Vadodara**

Hotel Regenta Inn, Vadodara is an excellent choice of accommodation for anyone traveling to the city. Located adjoining Ved Transcube Mall, a short walk from the Central Bus Station, Railway Station and Sayaji Gardens. The Hotel features 94 well-appointed rooms, classy banqueting facilities with pillar-less halls which can accommodate 500 guests and a multi-cuisine restaurant, Casablanca, the perfect place where you can tantalize your taste buds with a wide assortment of cuisines from different parts of the world.

- **Regenta Central Klassik, Ludhiana**

Hotel Regenta Central Klassik, Ludhiana offers 75 classy accommodation choices in four different categories: Standard Rooms, Club Rooms, Deluxe Suites, and Luxury Suites. If you are in the city on business or for leisure purposes, we assure you that we offer the best of stay experiences in the city. Our elegant rooms and suites with all modern amenities ensure that you receive a peaceful slumber. The classy venues at our hotel have been designed to make your events the talk of the town. The strategic location of our hotel makes us easily accessible from all the major places of interest in the city. Punjab is known for its sumptuous cuisines and we at Hotel Regenta Central Klassik offer ample opportunity to our guests to savour the taste of the land in our dining outlets and unwind at our bar and lounge.

- **Regenta Resort Tarika, Jim Corbett**

Regenta Resort Tarika, Jim Corbett is located on the serene foothills of Kumaon. On one side it is surrounded by the famous Corbett National Park and on the other the pristine Kosi River. Its exotic locale makes it one of the best destinations to plan a much needed vacation. The resort is home to 45 aesthetically pleasing rooms and cottages with unparalleled amenities to help you rejuvenate with a fulfilling stay. Our resort is also home to a number of dining outlets that will definitely help you satiate your cravings. Regenta Resort Tarika, Jim Corbett is also an ideal destination for weddings, conferences & and any other events as it is home to state-of-the-art venues.

- **Regenta Orkos, Haridwar**

Hotel Regenta Orko's, Haridwar is a popular choice of accommodation among the travelers visiting the 'Devbhoomi' or the 'Land of Gods'. Located on the main Haridwar - Rishikesh highway and the railway station, it is also home to a spa, fitness center, fine dining outlets and a well-stocked library. The hotel can also offer non-vegetarian cuisine along with some finely blended spirits. Our well-furnished and elegantly adorned rooms have been designed to soothe your senses and offer you a good night's sleep. Available in Royal Club Rooms, Executive Suites, and Presidential Suite, they promise only comfort and luxury. Apart from the high-end amenities that you get to enjoy in our rooms and suites, each one of them are equipped with high-speed internet to help you stay connected.

Boards' Report *(continued)*

Acquisition of Company:

The Company has acquired 24.9% shares in River Shore Developers Private Limited (Formerly known as Amar Tara Hospitality Private Limited), a subsidiary of Royal Orchid Hotels Limited. Upon acquisition of shares, River Shore Developers Private Limited has become 100% subsidiary of Royal Orchid Hotels Limited.

Participation in major Exhibitions held during the year

- Great India Travel Bazaar on April 19-21, 2016 at the Jaipur Exhibition and Conference Centre
- OTM 2017 on February 21-23, 2017 at the Bombay Convention & Exhibition Centre, Mumbai

Changes in nature of Business

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

Share Capital of the Company and changes thereof

During the year under review the Company has granted 459,000 Stock Options to the employees of the Company under the Employee Stock Option Plan (ESOP) 2014. The Company has not issued any securities during the year.

Dividend and Transfers to Reserve

During the year 2016-17, the Board of Directors have declared and paid an Interim Dividend of Re.1 (Rupee One) per equity share of ₹ 10/- each. (i.e. 10%) amounting to ₹2,72,33,965/- to its shareholders whose name was appearing in the register of members and statement of beneficial year (closing hours) on March 03, 2017 .

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

Public Deposits

In terms of the provisions of Sections 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits by Companies) Rules, 2014, the Company had no opening or closing balances and during the year under review, the Company has also not accepted any public deposits and as such, no amount of principal or interest was outstanding as on March 31, 2017.

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

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

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

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

Management Discussion and Analysis Report

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

Subsidiaries, Associates and Joint Ventures

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

As at March 31, 2017, your Company has 13 Indian subsidiaries, 1 Foreign Subsidiary and 4 Joint Venture companies.

Pursuant to Section 129 (3) of the Companies Act, 2013, a statement containing salient features, brief financial details of the Company's subsidiaries for the financial year ended March 31, 2017 and their contribution to the consolidated financials in **Form AOC – 1 is appended as Annexure – I** to the Boards' Report and in consolidated financials forming part of this Report. The annual accounts of the Subsidiary Companies and the related information will be made available to any Member of the Company seeking such information and are available for inspection by any Member of the Company at the Registered Office of the Company.

Pursuant to Section 136 of the Companies Act, 2013, the financial statements of your Company, Consolidated Financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of your Company.

Promoter Group

The names of the Promoters and entities comprising "group" (and their shareholding) as defined under the Competition Act, 2002 for the purposes of Section 3(1)(e)(i) of SEBI (Substantial

Acquisition of Shares and Takeover) Regulations, 2011 include the following:

Sl. No.	Name of Promoter including Persons Acting in Concert	Total Shareholding as on March 31, 2017	Percentage of Shareholding
1.	Mr. Chander K. Baljee	1,20,01,060	44.07
2.	Ms. Sunita Baljee	2,26,260	0.83
3.	Mr. Arjun Baljee	2,75,193	1.01
4.	Mr. Keshav Baljee	8,03,424	2.95
5.	Mr. Sunil Sikka	30,475	0.11
6.	Baljees Hotels and Real Estates Private Limited	57,14,689	20.98
7.	Hotel Stay Longer Private Limited	2,29,337	0.84

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

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

Development in Human Resources and Industrial Relations

The Company continues to maintain a very cordial and healthy relationship with its workforce across all its units. The total number of persons working in the group (permanent employees on rolls and contractual employees) as at March 31, 2017 was 3,418 across all its units in the group.

The Company is ensuring the best place to work to attract and retain good employees in the Company. The Company continued to strive towards attracting, retaining, training, multiskilling employees. With the increase in workforce due to expansion in business, envisaging the requirement of adequate on the job training across the various levels of employees, a major thrust to the training and development of multi-skilled certification programmes has been initiated through Presidency college of Hotel Management. Under the 'Hotel Royal Orchid Employees Welfare Trust' the Company continues to offer financial support for medical and educational needs of certain category of employees. The Human Resource Team carried out the following programs across the group during the year:

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

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

Extract of Annual Return

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

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

Your Company is continuously striving towards conservation of energy across all its units and has implemented various Energy Conservation programs and latest technology up gradation measures, your Company also earned foreign currency in Financial Year 2016 – 2017, complete details of which has been disclosed in **Annexure – V** to this Boards' Report.

Particulars of Loans/Guarantees/Investments

During the year under review the Company has given a Corporate Guarantee of ₹ 18 Crore to SREI Infrastructure Finance Limited for Loan taken by subsidiary Company ICON Hospitality Private Limited. The Company has not given any Inter Corporate Loans during the financial year 2016-17. Particulars relating to Investments have been detailed in the Notes to Financial Statements, forming part of this Annual Report.

Corporate Governance

Your Company has been practising the principles of good corporate governance pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") (applicable from December 1st, 2015), a detailed report on corporate governance is available as a separate section in this Annual Report.

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

Boards' Report *(continued)*

Board of Directors and changes thereof during Financial Year 2016-2017

As on March 31, 2017, your Board has following Directors:

Sl. No.	Name	DIN	Category	Designation
1	Mr. C. K. Baljee	00081844	Executive	Managing Director
2	Mr. Sunil Sikka	00083032	Non-Executive	Non - Independent Director
3	Ms. Sunita Baljee	00080737	Non-Executive	Non - Independent Director
4	Dr. Vivek Mansingh	06903079	Non-Executive	Independent Director
5	Mr. Vijay K. Rekhi	00191298	Non-Executive	Independent Director
6	Mr. Naveen Jain	00051183	Non-Executive	Independent Director

During the financial year 2016-17 the following changes took place in the Board:

1. Mr. R.V.S. Rao's tenure as an Independent Director came to an end on October 01, 2016.
2. Mr. K. Jairaj's tenure as an Independent Director came to an end on October 01, 2017.
3. Mr. Vijay Rekhi was re-appointed as an Independent Director at the 30th Annual General Meeting of the Company held on September 29, 2016 for a period of one year i.e. upto September 30, 2017.
4. Dr. Vivek Mansingh, was appointed as Independent Director for a period of 5 years w.e.f. August 12, 2016 at the 30th Annual General Meeting of the Company held on September 29, 2016.
5. Mr. Naveen Jain was appointed as appointed Additional Director by the Board on October 25, 2016. He is now proposed to be appointed as an Independent Director for a period of three years. His profile is given in the Annexure to the Notice calling the 31st Annual General Meeting of the Company.
6. Ms. Sunita Baljee, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment, her brief profile is disclosed in the Annexure to Notice calling 31st Annual General Meeting of the Company.

Further during the year 2016-17 Dr. Ranabir Sanyal was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. August 26, 2016.

Committees of the Board

As on March 31st 2017, your Board has following Statutory Committees:

a) Audit Committee
b) Nomination and Remuneration Committee
c) Stakeholders Relationship Committee
d) Corporate Social Responsibility Committee

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

Formal Annual Evaluation of Board

Pursuant to section 134 (3) (p) of the Companies Act, 2013 and Rule 8(4) of Companies (Accounts) Rules, 2014, it is mandatory to monitor and review the Board evaluation framework, the Board has carried out peer evaluation of all Board members, annual performance evaluation of its own performance, as well as the evaluation of the working of the Committees of Board as per the criteria laid down in the Nomination, Remuneration and Evaluation policy. The said policy including above said criteria for the evaluation of the Board, individual directors including independent directors and the committee of the board has been laid down in the Corporate Governance Report, which form part of this report.

Meetings of the Board held during the Year

During the year under review, your Board met 5 (Five) times on 30.05.2016; 12.08.2016; 25.10.2016; 04.02.2017 and 18.02.2017, all the Board Meetings were conducted in due compliance with Companies Act, 2013 and the Corporate Governance principles specified in the LODR.

Managerial Remuneration

During the year under review, the Ministry of Corporate Affairs vide their letter number: SRN/C54697651/5/2015 – CL.VII dated November, 3rd, 2015, has approved a total remuneration of ₹ 1.83 Crores to Mr. C. K. Baljee (DIN: 00081844), Managing Director of the Company, for Financial Year 2016 – 2017, and your Company has not paid remuneration to the him in excess of the limit specified above.

Declaration by Independent Directors

As on March 31st, 2017, your Company has following Independent Directors:

1. Dr. Vivek Mansingh
2. Mr. Vijay K. Rekhi
3. Mr. Naveen Jain

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

Familiarisation programme for Independent Directors

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

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

In due compliance with the provisions of Regulation 25(3) of the LODR, a separate meeting of Independent Directors was held in the previous calendar year 2016-17, to inter-alia consider and discuss the performance of Non-Independent Directors, the Chairman and to assess the quality, quantity and timeliness of flow of information between the management and the listed entity and the Board in order to help Board to perform its duties.

Audit Committee and its Recommendation(s)

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

Nomination and Remuneration Committee

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

1) The Nomination and Remuneration Committee shall identify potential candidates who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
2) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other Employees.
3) The Nomination and Remuneration Committee shall, while formulating the policy ensure that –
   a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
   b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals, provided that such policy shall be disclosed in the Board's Report.
4) Recommend nominees to various committees of the Board.
5) Approve and make recommendations to the Board of Directors in respect of Directors' fees, salary structure and actual compensation (inclusive of performance based incentives and benefits) of the Executive Directors, including the Managing Director;
6) Recommending remuneration for Non-Executive Directors.
7) Ensuring that appropriate procedures are in place to assess Board's effectiveness and shall carry out evaluation of every Director's performance.
8) Developing an annual evaluation process of the Board and its Committees.
9) Assist the Board of Directors in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
10) Review and approve the compensation and Employee Stock Option Plan ("ESOP") to be granted to senior executives, requiring approval from the Board of Directors;
11) Review and approve the changes in terms and conditions of the ESOP;
12) Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the Employees;
13) Criteria for selection and appointment of Non-Executive Directors; and
14) Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or Directors' compensation;
15) devising a policy on diversity of board of directors;
16) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Stakeholders' Relationship Committee

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

Corporate Social Responsibility

Your Company has always been committed to Corporate Social Responsibility ("CSR") and it is one of our commitments to the society. Our CSR activities are embedded around the vision of the Promoters of the Company. Baljee Foundation promoted by Mr. C. K. Baljee, Managing Director (Promoter) of the Company focuses on imparting Education, enhancing Employability and Skill Development of budding entrepreneurs in association with

Boards' Report *(continued)*

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

Your Company has signed a Memorandum of Understanding with National Skill Development Corporation (NSDC) a non-profit Company for a project called UDAAN, a Special Industry Initiative scheme for the State of Jammu and Kashmir with the aim to provide employment to the youths of J & K by imparting them industry specific skills.

The Company has collaborated with American Hotel and Lodging Educational Institute (AHLEI) through Presidency College and Funds Operations Certification courses through Baljee Trust. Under Baljee Foundation, the Company continues to serve the well-being of the larger community in terms of assisting them to be self reliant by honing their skills. The 'Hotel Royal Orchid Employees Welfare Trust' continues to offer financial support for medical and educational needs of certain category of employees.

In accordance with Section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has formulated a Corporate Social Responsibility Committee, details and composition of which has been disclosed in the Corporate Governance Report forming part of this report and also on Company's website at www.royalorchidhotels.com/pdfs/Composition-Various-committees.pdf and the Company has also adopted a Corporate Social Responsibility Policy (Royal Orchid Corporate Social Responsibility Policy) in this respect, extracts of which are hereunder:

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

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

Risk Management

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

Green Initiatives

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

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015 (erstwhile, SEBI (Prohibition of Insider Trading) Regulations, 1992), as amended till date, the Code of Conduct for prevention of Insider Trading and the Code of fair disclosure, as approved by the Board from time to time, are enforced by the Company.

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

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

Statutory Auditors

The Statutory Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/ W-100018), were appointed as Statutory Auditors of the Company in the 29th Annual General Meeting of the Company to hold office as Statutory Auditors until the conclusion of 34th Annual General Meeting of the Company, subject to ratification by the shareholders in each Annual General Meeting of the Company, the same has been proposed in the Notice calling 31st Annual General Meeting of the Company.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed, Mr. G. Shanker Prasad (ACS 6357), Practicing Company Secretary (CoP No. 6450), to undertake the Secretarial Audit of the Company for Financial Year 2016 - 2017.

There were no qualifications by the Auditor in their Secretarial Audit Report in **Form MR-3** for the Financial Year ended March

31, 2017 which is appended as **Annexure – VI** to this Boards' Report.

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

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

Litigation

1. The Company has been named as a defendant in two civil suits on small portion of land taken on lease from the Karnataka State Tourism Development Corporation ("KSTDC") for the operation of the Hotel Royal Orchid, Bangalore, which are adjacent to the hotel premises. One of the civil suit has been settled in favour of the Company, against which an appeal before the High Court of Karnataka, is pending and in the other matter the Company has an injunction against the other party. Management believes that these cases are not material and will not adversely affect its operations.
2. The Company has been named as a defendant in a suit filed in mid2008 by Kamat Hotels (India) Limited ('the plaintiff') restraining the alleged use of the trademark of the Company and a relief of a permanent injuction restraining the Company from using the trademark 'Orchid'. The Company had filed an application seeking an interim injuction while the above proceedings are pending. The Bombay High Court vide its interim order dated April 05, 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated May 06, 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand. During the year ended 31 March 2014, the Company has obtained two favourable rulings from the Intellectual Property Appellate Board. Kamat had preferred to appeal the ruling of IPAB in Madras High Court. The Madras High Court has passed orders cancelling the registration in Class 42 and the Company has filed an Special Leave Petition "SLP" in the Supreme Court in 2015. Reply to SLP was filed by Kamat in the form of Counter affidavit and the Company has filed a Rejoinder in the form of an affidavit. The matter was partly heard by the Supreme Court in April and May of 2017 and has advised Kamat Hotels to consider the options for settlement by displaying the disclaimers on the Websites regarding the disassociation between the two brands. The matter is yet to be completely heard by Supreme 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.

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

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

Internal Financial Control Systems

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

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

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

Vigil Mechanism and Whistle Blower Policy

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

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

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

Directors' Responsibility Statement

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

1) in the preparation of the Annual Accounts for the year ended March 31, 2017, the applicable accounting standards read

Boards' Report *(continued)*

with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on 'a going concern basis';
5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
6) the Directors have devised proper system to ensure compliances with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Payment of Listing Fee and Custodial Fee

Your Company has paid the both, Annual Listing Fee and Annual Custodial Fee for the Financial Year 2016 – 2017, to the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") and to National Securities and Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) respectively.

Commission or Remuneration received from Holding or Subsidiary Companies

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

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

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

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

Dematerialisation

The Company's shares are available for dematerialization with both the Depositories viz., NSDL and CDSL. About 99.80% of the paid-up equity share capital of the Company has been dematerialized as on March 31, 2017.

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

During the year under review, your Directors do not observe any contract, arrangement and transaction which could result in a fraud; your Directors hereby take responsibility to ensure you that the Company has not been encountered with any fraud or fraudulent activity during the Financial Year 2016 - 2017.

Other Disclosures

1) During the year under review, the Company has not bought its own shares nor has given any loans to it's employees (including Key Managerial Personnel) of the Company for purchase of the Company shares.
2) Your Company provides e-voting facility, to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

Acknowledgments

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

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

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

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

Place : Bengaluru
Date: August 10, 2017

Chander K. Baljee
Managing Director
(DIN: 00081844)

Sunita Baljee
Director
(DIN: 00080737)

Form – AOC –I

Annexure -1

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

Statement containing the salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures as on 31.03.2017

PART- A:

Sl. No.	Name of Subsidiary	Reporting currency and exchange rate	Date since when subsidiary was acquired	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities (excluding Share Capital and Reserves & Surplus)	Invest-ments	Turnover	Profit before Tax	Provision for tax	Profit after Tax	% of Sharehold-ing	Proposed Dividend
1.	Icon Hospitality Private Limited$	Indian Rupee	04.04.2003	190,040,900	153,383,533	643,694,979	300,270,546	-	188,323,572	(42,042,323)	-	(42,042,323)	51.07	-
2.	Maruti Comforts & Inn Private Limited $	Indian Rupee	21.11.2005	62,496,900	16,736,394	151,250,551	72,017,257	-	159,372,156	10,855,229	(4,803,005)	15,658,234	65.22	-
3.	Royal Orchid Hyderabad Private Limited	Indian Rupee	30.09.2006	17,700,000	(2,871,469)	15,068,701	240,170	-	-	(29,460)	-	(29,460)	100.00	-
4.	Royal Orchid South Private Limited	Indian Rupee	28.03.2007	9,100,000	(10,038,418)	2,579,968	3,518,386	-	-	(116,950)	76,670	(193,620)	100.00	-
5.	A B Holdings Private Limited *	Indian Rupee	01.03.2007	2,600,000	(15,611,984)	15,516,410	28,528,394	4,800,000	-	(67,650)	-	(67,650)	100.00	-
6.	Royal Orchid Jaipur Private Limited	Indian Rupee	09.10.2006	16,600,000	16,007,086	75,614,349	43,007,263	-	68,544,044	(7,203,209)	102,001	(7,305,210)	100.00	-
7.	Multi Hotels Limited @	Indian Rupee	22.01.2008	967	90,311,020	180,244,718	89,932,732	-	-	(4,078,250)	-	(4,078,250)	100.00	-
8.	Royal Orchid Maharashtra Private Limited	Indian Rupee	05.06.2008	500,000	(2,322,245)	23,307,077	25,129,322	-	-	(29,450)	-	(29,450)	100.00	-
9.	Royal Orchid Goa Private Limited	Indian Rupee	05.06.2008	500,000	(92,598)	497,239	89,837	-	50	(38,851)	-	(38,851)	100.00	-
10.	Royal Orchid Shimla Private Limited	Indian Rupee	29.05.2008	500,000	(89,385)	499,659	89,044	-	-	(29,450)	-	(29,450)	100.00	-
11.	Royal Orchid Mumbai Private Limited	Indian Rupee	20.04.2009	500,000	(610,181)	-	110,181	-	-	(528,750)	-	(528,750)	100.00	-
12.	Rivershore Developers Private Limited (Formerly Known as Amar Tara Hospitality Private Limited)$	Indian Rupee	16.11.2009	355,000,000	(109,413,413)	496,779,191	251,192,604	-	-	(32,832,873)	-	(32,832,873)	100.00	-
13.	Cosmos Premises Private Limited #$	Indian Rupee	05.09.2012	4,047,620	184,897,144	242,505,209	53,560,445	-	168,709,636	31,588,050	10,027,449	21,560,601	50.00	-
14.	Royal Orchid Associated Hotels Private Limited **	Indian Rupee	01.10.2007	5,000,000	9,738,879	150,684,630	135,945,751	-	161,323,705	(12,196,958)	1,667,133	(13,864,091)	100.00	-

Notes:

(i) The reporting period for all subsidiaries concerned is March 31, 2017, same as of holding Company.
(ii) None of the Subsidiaries has recommended or proposed dividend during the year. However Cosmos Premises Private Limited has paid an interim dividend of ₹ 49.50/- per equity share of ₹ 10/-.
(iii) The above format has been adopted from the Companies (Accounts) Amendment Rules, 2016
** Investment column denotes investment in Royal Orchid Associated Hotels Private Limited.*
@ Overseas Subsidiary is located at Tanzania and the home currency is Tanzanian Shillings, reported here in Indian Rupees (Actuals) at conversion rate of TSH to INR @ 0.029 as on 31.03.2017.
 # Subsidiary by Board majority.
*** Held by AB Holdings Private Limited.*
$ One share held by Royal Orchid Goa Private Limited, subsidiary company is included in the shareholding of Royal Orchid Hotels Limited

Boards' Report *(continued)*

Form – AOC – I

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

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

PART B:

	Name of the Associates/Joint Ventures	Ksheer Sagar Developers Private Limited$	J H Builders Private Limited	Ksheer Sagar Build-con Private Limited	Raj Kamal Buildcon Private Limited
1.	Latest audited balance sheet date	31.03.2017	31.03.2017	31.03.2017	31.03.2017
2.	Date on which the Associate or Joint Venture was associated or acquired	18.04.2007	18.04.2007	18.04.2007	18.04.2007
3.	Shares of Associate / Joint Ventures held by the Company on the Year end				
	i. No. of shares held in Associates/JVs	30,000,000	5,000	5,000	5,000
	ii. Amount of investment held in Associates/JVs	352,770,000	52,820,000	52,820,000	52,820,000
	iii. Extend of holding %	50.00	50.00	50.00	50.00
4.	Description of how there is significant influence	Joint venture	Joint venture	Joint venture	Joint venture
5.	Reason why the associate/joint ventures not consolidated	Consolidated	Consolidated	Consolidated	Consolidated
6.	Net worth attributable to shareholding as per latest Audited Balance Sheet	45,255,446	46,207,304	46,256,763	46,255,215
7.	Profit/Loss for the year				
	i. Considered in consolidation	(10,445,016)	(20,123)	(20,123)	(20,123)
	ii. Not considered in consolidation	-	-	-	-

$: One share held by Royal Orchid Goa Private Limited, subsidiary company is included in the shareholding of Royal Orchid Hotels Limited

Annexure – 2

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

Sl. No.	Name of related Party	Nature of relationship	Nature of contract/ arrangements/ transaction*	Duration of contract/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1	Icon Hospitality Private Limited	Subsidiary Company	Corporate Guarantee*	10 years	Corporate Guarantee given on Term Loan of 18 Crore from SREI Infrastructure Finance Limited	25.10.2016	NA

Note: All the Contracts and Arrangements apart from the aforesaid contract entered by the Company during the year as detailed in Note No. 33 in Notes to Accounts are on Arms Length Basis and in the Ordinary Course of Business. Hence the provisions of Section 188(1) are not applicable to the Company.

* The reason / justification for the aforesaid contract / agreement is given in the explanatory statement to the notice of AGM.

Annexure – 3

Particulars of Employees

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

<table>
<tr><td>i.</td><td>The ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial Year;</td><td><table><tr><th>Name of the Directors</th><th>Ratio to the Median</th></tr><tr><td>C. K. Baljee
Managing Director</td><td>5:2</td></tr></table>
None of the Directors other than Managing Director are being paid any remuneration apart from sitting fees for Board and Committee Meetings</td></tr>
<tr><td>ii.</td><td>The percentage increase in remuneration of each director, chief financial officer, company secretary in the financial year;</td><td><table><tr><th>Name</th><th>Percentage of increase</th></tr><tr><td>C. K. Baljee
Managing Director</td><td>15.00%</td></tr><tr><td>Amit Jaiswal
Chief Financial Officer</td><td>15.00%</td></tr><tr><td>Ranabir Sanyal
Company Secretary &
Compliance Officer</td><td>NA *</td></tr></table>
* Joined on August 26, 2016</td></tr>
<tr><td>iii.</td><td>Percentage increase in the median remuneration of employees in the financial year;</td><td>-0.7%</td></tr>
<tr><td>iv.</td><td>Number of employees including contractual on the rolls of company;</td><td>754 (Employees on roll 570 and on contract 184)</td></tr>
<tr><td>v.</td><td>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;</td><td>There is an increase of 6.2 % in the median remuneration of the employees, other than Managerial persons. The increase is in due compliance with applicable regulations and paid as per market standards.</td></tr>
<tr><td>vi.</td><td>The key parameters for any variable component of remuneration availed by the directors;</td><td>No variable component paid to the Directors during the year.</td></tr>
<tr><td>vii.</td><td>Affirmation that the remuneration is as per the remuneration policy of the company</td><td>Yes, the remuneration is as per the policy adopted by the Company.</td></tr>
<tr><td>viii.</td><td>No of employee drawing remuneration of ₹ 8.50 Lacs per month or ₹ 1.02 Crores per year or at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and employees holding by himself or along with his spouse and dependent children, more than two percent of the equity shares of the Company.</td><td>NIL</td></tr>
</table>

Boards' Report *(continued)*

Annexure - 4

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As o**n financial year ended on 31.03.2017**

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

I.	REGISTRATION AND OTHER DETAILS	
1	CIN	L55101KA1986PLC007392
2	Registration Date	3rd January, 1986
3	Name of the Company	Royal Orchid Hotels Limited
4	Category/Sub-category of the Company	Public Company/ Limited By Shares
5	Address of the Registered office & contact details	No. 1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka Tel: 080-40612345 e-mail: cosec@royalorchidhotels.com
6	Whether Listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any	Integrated Registry Management Services Pvt. Ltd. 30, Ramana Residency, 4th Cross, Sampiege Road, Malleswaram, Bengaluru – 560 003, Karnataka Tel: 080-23460815-818 Email: alfint@vsnl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the company
1.	ACCOMMODATION AND FOOD SERVICE ACTIVITIES: Hotels, Resorts and Restaurants	55101	57.03
2.	FOOD AND BEVERAGE SERVICE ACTIVITIES: Restaurants and Mobile Food Services	56301	34.69

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share-holding	Applicable Section
1	Icon Hospitality Private Limited, Registered Office: The Central Park, No. 47/1, Dickenson Road, Bengaluru - 560 042, Karnataka	U55101KA2003PTC031516	Subsidiary	51.07	Section 2(87)
2	Maruti Comforts & Inn Private Limited, Registered Office: Allalasandra, Bellary Road, Yellahanka, Near Jakkur Flying Club, Bengaluru - 560 065, Karnataka	U55101KA1994PTC015366	Subsidiary	65.22	Section 2(87)
3	Royal Orchid Hyderabad Private Limited, Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2005PTC037198	Subsidiary	100.00	Section 2(87)
4	Royal Orchid South Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2006PTC038712	Subsidiary	100.00	Section 2(87)
5	A B Holdings Private Limited Registered Office: No. 47/1, Manipal Centre, Dickenson Road, Bengaluru - 560 042, Karnataka	U70102KA2006PTC040894	Subsidiary	100.00	Section 2(87)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share-holding	Applicable Section
6	Royal Orchid Jaipur Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U055101KA2005PTC036813	Subsidiary	100.00	Section 2(87)
7	Multi Hotels Limited * Registered Office: Plot No. 1, Mjimwema Temeke, P O Box No. 1889, Dar Es Salam, Tanzania	8527	Subsidiary	100.00	Section 2(87)
8	Royal Orchid Maharashtra Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2008PTC046681	Subsidiary	100.00	Section 2(87)
9	Royal Orchid Goa Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2008PTC046679	Subsidiary	100.00	Section 2(87)
10	Royal Orchid Shimla Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55100KA2008PTC046598	Subsidiary	100.00	Section 2(87)
11	Royal Orchid Mumbai Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2009PTC049631	Subsidiary	100.00	Section 2(87)
12	River Shore Developers Private Limited (Formerly known as Amar Tara Hospitality Private Limited) Registered Office:Units No.3, 4 & 5, Ground Flr, Gold Coin Chsl Nehru Rd, Opp. Vakola Church, Santacruz E Mumbai – 400 054 Maharashtra	U70100MH2009PTC194423	Subsidiary	100.00	Section 2(87)
13	Cosmos Premises Private Limited Registered Ofifice: Phoenix, Bund Garden Road, Opp. Residency Club, Pune, Maharashtra - 411 001	U70100PN1997PTC133546	Subsidiary	50.00	Section 2(87)
14	Royal Orchid Associated Hotels Private Limited Registered Office: No.1, Golf Avenue, Adjoinig KGA Golf Association, Kodihalli, HAL Airport Road, Bengaluru - 560 008, Karnataka	U55101KA2006PTC040290	Subsidiary (of AB Holdings Private Limited)	100.00	Section 2(87)
15	J.H. Builders Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010122	Joint Venture	50.00	Section 2(6)
16	Ksheer Sagar Developers Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010120	Joint Venture	50.00	Section 2(6)
17	Ksheer Sagar Buildcon Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010707	Joint Venture	50.00	Section 2(6)
18	Raj Kamal Buildcon Private Limited Registered Office: Opp. to BSNL Office, Tonk Road, Near Durgapura Flyover, Durgapura, Jaipur - 302 018, Rajasthan	U45201RJ1995PTC010121	Joint Venture	50.00	Section 2(6)

** Overseas subsidiary.*

Boards' Report *(continued)*

IV. SHAREHOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category wise Shareholding

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
1.	**Indian**									
a.	Individuals/ HUF	13,361,133	-	13,361,133	49.06%	13,336,412	-	13,336,412	48.97%	-0.19%
b.	Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
c.	State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	Bodies Corporate	5,944,026	-	5,944,026	21.83%	5,944,026	-	5,944,026	21.83%	0.00%
e.	Banks FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f.	Any Other	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Sub Total of A 1	**19,305,159**	**-**	**19,305,159**	**70.89%**	**19,280,438**	**-**	**19,280,438**	**70.80%**	**-0.13%**
2.	**Foreign**									
a.	NRI/Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b.	Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c.	Bodies Corporate	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	Any Other	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Sub Total of A 2	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
	TOTAL (A)	**19,305,159**	**-**	**19,305,159**	**70.89%**	**19,280,438**	**-**	**19,280,438**	**70.80%**	**-0.13%**
B.	**Public Shareholding**									
1.	**Institutions**									
a.	Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b.	Banks/FI	0	0	0	0.00%	4,547	-	4,547	0.02%	0.00%
c.	Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
d.	State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e.	Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f.	Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g.	FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h.	Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i.	Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Sub-total (B)(1)									
2.	**Non-Institutions**	-	-	-	0.00%	4,547	-	4,547	0.02%	0.00%
a.	Bodies Corporate			-				-		
i.	Indian	617886	-	617,886	2.27%	963664	-	963,664	3.54%	55.96%
ii.	Overseas	0	0	-	0.00%	0	0	-	0.00%	0.00%
b.	Individuals -	0	0	-	0.00%	0	0	-	0.00%	0.00%
i.	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	3768712	56822	3,825,534	14.05%	4048513	54822	4,103,335	15.07%	7.26%
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2825290	-	2,825,290	10.37%	2689854	-	2,689,854	9.88%	-4.79%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others (specify)									
Non Resident Indians	176502	-	176,502	0.65%		-	-	0.00%	-100.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	0	-	-	0.00%	0	-	-	0.00%	0.00%
Clearing Members	482883	-	482,883	1.77%	181227	-	181,227	0.67%	-62.47%
Trusts	110	0	110	0.00%	100	0	100	0.00%	-9.09%
NBFC'S	0				10800	0	10,800	0.04%	0.00%
Escrow Account	601	0	601	0.00%	0	0	-	0.00%	-100.00%
Sub-total (B)(2)	**7,871,984**	**56,822**	**7,928,806**	**29.11%**	**7,894,158**	**54,822**	**7,948,980**	**29.19%**	**0.25%**
Total Public (B)	**7,871,984**	**56,822**	**7,928,806**	**29.11%**	**7,898,705**	**54,822**	**7,953,527**	**29.20%**	**0.31%**
C. Shares held by Custodian GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	**27,177,143**	**56,822**	**27,233,965**	**100.00%**	**27,179,143**	**54,822**	**27,233,965**	**100.00%**	**0.18%**

(ii) Shareholding of Promoters

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Chander K. Baljee	12,014,560	44.12%	0.00%	12,001,060	44.07%	0	-0.05%
2.	Baljee Hotels and Real Estate Pvt Ltd.	5,714,689	20.98%	0	5,714,689	20.98%	0	0.00%
3.	Keshav Baljee	803,424	2.95%	0	803,424	2.95%	0	0.00%
4.	Arjun Baljee	301,593	1.11%	1.08	275,193	1.01%	0.99	-0.10%
5.	Hotel Stay Longer P Ltd.	229,337	0.84%	0	229,337	0.84%	0	0.00%
6.	Sunita Baljee	226,260	0.83%	0	226,260	0.83%	0	0.00%
7.	Sunil Sikka	15,296	0.06%	0	30,475	0.11%	0	0.06%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1.	Chander K. Baljee	12,014,560	44.12%	12,001,060	44.07%
2.	Baljees Hotels and Real Estates Private Limited	5,714,689	20.98%	5,714,689	20.98%
3.	Keshav Baljee	803,424	2.95%	803,424	2.95%
4.	Arjun Baljee	301,593	1.11%	275,193	1.01%
5.	Hotel Stay Longer Private Limited	229,337	0.84%	229,337	0.84%
6.	Sunita Baljee	226,260	0.83%	226,260	0.83%
7.	Sunil Sikka	15,296	0.06%	30,475	0.11%

Boards' Report *(continued)*

	Name	Increase/ Decrease	Reason	Date	No. of Shares	Total Shares
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat/equity etc.)*	Chander K. Baljee	Decrease	Transfer	28.10.2016	13,500	**13,500**
	Arjun Baljee	Decrease	Transfer	24.06.2016	26,400	**26,400**
	Sunil Sikka	Increase	Transfer	17.11.2016	2,065	**15,179**
		Increase	Transfer	18.11.2016	2,935	
		Increase	Transfer	12.12.2016	3,179	
		increase	Transfer	02.01.2017	5,000	
		increase	Transfer	04.03.2017	2,000	

(iv) Shareholding Pattern of top ten Shareholders

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

S. No.	For each of the Top 10 shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Name					
	Ashish Kacholia	At the beginning of year	1,073,587	3.94%	1,073,587	3.94%
		Changes during the year	-	0.00%	-	0.00%
		At the end of the year	1,073,587	3.94%	1,073,587	3.94%
2	Name					
	RAHUL KAYAN	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	357,418	1.31%	357,418	1.31%
		At the end of the year	357,418	1.31%	357,418	1.31%
3	Name					
	Rahul Madhusudan Bhangadia	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	190,000	0.70%	190,000	0.70%
		At the end of the year	190,000	0.70%	190,000	0.70%
4	Name					
	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	145,718	0.54%	145,718	0.54%
		At the end of the year	145,718	0.46%	145,718	0.54%
5	Name					
	PANNA LAL C KOTHARI HUF	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	143,000	0.53%	143,000	0.53%
		At the end of the year	143,000	0.53%	143,000	0.53%
6	Name					
	Rahul Goenka	At the beginning of year	105000	0.39%	105,000	0.39%
		Changes during the year	19,900	0.07%	19,900	0.07%
		At the end of the year	124,900	0.46%	124,900	0.46%
7	Name					
	Rajesh Kumar Agrawal	At the beginning of year	100000	0.37%	100,000	0.37%
		Changes during the year	11,000	0.04%	11,000	0.04%
		At the end of the year	111,000	0.41%	111,000	0.41%
8	Name					
	DINERO FINANCE AND INVESTMENTS PVT LTD	At the beginning of year	0	0.00%	-	0.00%
		Changes during the year	89,999	0.33%	89,999	0.33%
		At the end of the year	89,999	0.33%	89,999	0.33%
9	Name					
	OWN LEASING AND FINANCE PVT LTD	At the beginning of year	-	0.00%	-	0.00%
		Changes during the year	89,530	0.33%	89,530	0.33%
		At the end of the year	89,530	0.33%	89,530	0.33%
10	Name					
	AGELESS CAPITAL AND FINANCE PRIVATE LIMITED	At the beginning of year	0	0.00%	-	0.00%
		Changes during the year	70,000	0.26%	70,000	0.26%
		At the end of the year	70,000	0.26%	70,000	0.26%

	Name	Increase / Decrease	Reason	No. of Shares	Total Shares
Date wise increase/decrease in Shareholding of top ten shareholders, during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/sweat/equity etc.)*	Rahul Kayan	Increase	Purchase	357,418	357,418
	Rahul Madhusudan Bhangadia	Increase	Purchase	190,000	190,000
	Rajasthan Global Securities Private Limited	Increase	Purchase	145,718	145,718
	Panna Lal C Kothari Huf	Increase	Purchase	143,000	143,000
	Rahul Goenka	Increase	Purchase	19,900	124,900
	Rajesh Kumar Agrawal	Increase	Purchase	11,000	111,000
	Dinero Finance And Investments Pvt Ltd	Increase	Purchase	89,999	89,999
	Own Leasing and Finance Pvt Ltd	Increase	Purchase	89,530	89,530
	Ageless Capital and Finance Private Limited	Increase	Purchase	70,000	70,000

V. INDEBTEDNESS

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

(Amt. in ₹ crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	41.37	1.05	-	42.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.26	0.27	-	0.53
Total (i+ii+iii)	**41.62**	**1.32**	**-**	**42.94**
Change in Indebtedness during the financial year				
- Addition	6.71	-	-	6.71
- Reduction	6.12	-	-	6.12
Net Change	**2.45**	**(0.47)**	**-**	**1.98**
Indebtedness at the end of the financial year				
i) Principal Amount	41.96	1.05	-	43.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.26	0.34	-	0.60
Total (i+ii+iii)	**42.22**	**1.39**	**-**	**43.61**

Boards' Report *(continued)*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager
	Name	**Chander K. Baljee**
	Designation	Managing Director
1	Gross salary	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,263,725
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (A)	**18,263,725**
	Ceiling as per the Act	**12,000,000**

B. Remuneration to other Directors (Amount in INR Actuals)

S N.	Particulars of Remuneration	Name of Director							Total Amount (₹)
	Name	**R. V. S. Rao**	**K. Jairaj**	**Vijay K. Rekhi**	**Naveen Jain**	**Vivek Mansingh**	**Sunil Sikka**	**Sunita Baljee**	
	Designation	**Director**	**Director**	**Director**	**Director**	**Director**	**Director**	**Director**	
	Independent Directors								
	Fee for attending board / committee meetings	280,000	140,000	530,000	280,000	280,000	-	-	1,510,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	280,000	140,000	530,000	280,000	280,000	-	-	1,510,000
	Other Non-Executive Directors								
	Fee for attending board / committee meetings	-	-	-	-	-	150,000	270,000	420,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	150,000	270,000	420,000
	Total (B) = (1+2)	280,000	140,000	530,000	280,000	280,000	150,000	270,000	1,930,000
	Total Managerial Remuneration	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	

Note: Only sitting Fees are paid to Directors other than MD and the ceiling of Managerial Remuneration does not apply to sitting fees.

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

(Amount in INR Actuals)

Sl No.	Total Managerial Remuneration	Name of Key Managerial Personnel			Total Amount (Rs)
	Name				
	Designation	**C.E.O.**	**Chief Financial Officer #**	**Company Secretary ***	
1	Gross salary		**Amit Jaiswal**	**Ranabir Sanyal**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	4,800,000	1,129,387	5,929,387
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
Sl No.	**Total Managerial Remuneration**	**Name of Key Managerial Personnel**			**Total Amount (Rs)**
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**-**	**4,800,000**	**1,129,387**	**5,929,387**

* Joined w.e.f. August 26, 2016

\# During the year letters of grant for 24,000 Equity Shares has been issued pursuant to ESOP 2014 Scheme.

Boards' Report *(continued)*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE – 5

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

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

A. Conservation of Energy:

i) Steps taken or impact on conservation of energy:

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

1. Installation of STP / ETP Plant with tertiary system for final treatment and utilization of treated water for cooling tower, flushing, landscaping and cleaning purpose.
2. Centralized Air-conditioning chillers system, waste heat dissipated in the cooling tower is captured in the de-super heater and hot water is generated for domestic use and utilized in Guest room and public area.
3. In place of HSD/LPG fired boilers, we are using heat pump to generate hot water which has resulted in giving us 70% saving on the boiler fuel cost and the cold air which comes out of the heat pump is used as treated fresh air and pumped into the back area or Guest area, thereby giving double advantage on energy conservation.
4. Extensive drive has been taken in replacing high energy consuming Incandescent lamp, Halogen lamp, and Metal Halide & Sodium Vapour lamp to COB LED.
5. Occupancy sensors are provided for lighting and AC in public area, Back of the house, Toilets, Gym, Staircase etc.
6. Dawn & Dusk Sensor, Analog & Digital Timers are used for street lights, Hotel Periphery lights, Building focus lights, Hoardings, Signage's etc.
7. Energy audit, Environment audits are regularly carried out and the recommendations are implemented which gives good returns and reduces operation cost.
8. Rolling out extracts from HACCP, ISO14001, and Green Globe etc.
9. Implementation of Total Productive Maintenance – Japanese Concept for upkeep / Operational efficiency of Plant and machinery, Kitchen equipment, Guest Area, Back Area & public area.
10. Implementation of Green Building requirements in a phased manner.
11. Implementation of Balance score card for development of Process to improve operational efficiency.
12. Building Management System is installed for efficient operation of engineering system.
13. Smart TV's are installed in the guest room to meet the present requirement of the guest.
14. All new hotel projects have achieved 100% LED Lighting for energy conservation.
15. Rain water harvesting is implemented for water conservation and water conservation program is implemented across the group.
16. All the cold equipments purchased for new upcoming hotels use eco-friendly Refrigent Gas.
17. In all the hotel rooms we are using only energy efficient Absorption system minibar bar Refrigerators.
18. In all the buffet counters we have replaced the fuel usage with energy efficient induction heating.
19. New VFD Driven energy efficient Screw chillers installed, phasing out old chillers which consumes high energy.
20. Conventional Hydro pneumatic systems replaced with Latest VFD Driven Hydro pneumatic system.

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

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

iii) The capital investment in energy conservation equipment: ₹ 1.50 crores.

B. Technology absorption

i) Efforts made towards technology absorption: The Company continues to absorb and upgrade modern technologies and advances hotel management techniques in various guest contact areas.
ii) The benefits derived like product improvement, cost reduction, product development or import substitution: The aforesaid energy conservation and technology absorption efforts has considerably reduced the cost.
iii) Information regarding imported technology (Imported during the last three years): The Company has not imported any technology during the last three years.
iv) Expenditure incurred on research and development: Nil

C. Foreign Exchange Earnings and Outgo

During the year under review, your Company earned Foreign Exchange Revenue of ₹10.45 Crores (Previous Year ₹ 9.34 Crores) and the Foreign Exchange outgo on account of commission and others is ₹ 0.32 Crores (Previous year ₹ 0.92 Crores).

Boards' Report *(continued)*

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017

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

To,
The Members,
Royal Orchid Hotels Limited,
Bengaluru

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder which have been notified and the Companies Act, 1956 which are still in force.

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

vi. Other Laws specifically applicable to the Company:

   a) Food Safety and Standards Act, 2006 and Food Safety and Standards Rules , 2011

   b) Food Safety and Standards (Packing & Labelling) Regulations, 2011.

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

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

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

I have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

I have also examined compliance with the Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Further, the Company has filed all e forms with Ministry of Corporate Affairs within the period of 270 days i.e. maximum period within which all filings should be done without the requirement for condonation or compounding.

I further report that:

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

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

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

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

Place : Bengaluru
Date : 10.08.2017

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

ANNEXURE A

To,
The Members
Royal Orchid Hotels Limited,
Bengaluru

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

1. The maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Place : Bengaluru
Date : 10.08.2017

Management Discussion and Analysis

GLOBAL ECONOMY

The world economy grew at a stable pace of 3.1% in CY 2016, aided by recovery in emerging economies particularly commodity exporters, while growth in developed markets remained modest. Increase in oil prices along with other major commodities like iron ore and copper aided recovery in global trade towards the end of CY 2016. The uptick in global trade was led by pickup in import demand in Asia and US which augurs well for underlying demand trends. While global growth was stable, markets were focused on geopolitical developments with change in leadership in the USA, and the UK working on modalities around its exit from the European Union. Activity rebounded in the USA after a weak first half of CY 2016, as the economy approaches full employment. The US Federal Reserve continued with the interest rate normalisation cycle in FY 2016-17 by increasing rates twice, in Dec 2016 and Mar 2017. The global low interest rate and abundant liquidity cycle is likely to slowly normalise.

World Tourism

In 2017, the travel & tourism industry continues to make a real difference to the lives of millions of people by driving growth, creating jobs, reducing poverty and fostering development and tolerance. For the sixth consecutive year, industry growth outperforms that of the global economy, showcasing the industry's resilience in the face of global geopolitical uncertainty and economic volatility. The industry contributed US $ 7.6 trillion to the global economy (10.2% of global GDP) and generated 292 million jobs (1 in 10 jobs on the planet) in 2016. International arrivals followed suit, reaching 1.2 billion in 2016, 46 million more than in 2015. These promising figures are expected to continue increasing in the coming decade.

The theme of this year's Travel & Tourism Competitiveness Report: Paving the Way for a More Sustainable and Inclusive Future, highlights the travel and tourism industry's commitment to be a force for good in an era marked by jobless growth, growing concerns of a "green-less" future and mounting fears of isolationism and nativism. With a forecasted 1.8 billion international tourists by 2030, the industry has the potential to play a key role in creating high-quality employment opportunities, act as a vehicle to protect and restore our planet's biodiversity and help build bridges between people and cultures.

Research shows that for every 30 new tourists to a destination one new job is created; and already today, the travel and tourism industry has almost twice as many women employers as other sectors. Accounting for 30% of world services exports, and the largest export category in many developing countries, the industry is a tremendous employment generator. Yet research suggests that the industry's potential could be hindered—and 14 million jobs could be at risk—if governments and the private sector do not address the talent shortage in the industry. If properly managed, the T&T sector can continue to be a contributor to inclusive growth, given the relatively low barriers required to provide services and start a business related to tourism.

INDIAN ECONOMY

On the domestic front, India remained the fastest growing major economy in the world, after surpassing China last year. Gross Domestic Product growth rate was 7.1% for FY 2016-17, supported by strong consumption growth and government spending. Inflation eased sharply led by a decline in food inflation amidst government's astute food management, facilitating a 50 basis points rate cut by the RBI in FY 2016-17 before it adopted a neutral stance. Diminishing vulnerabilities on the external and fiscal front with Apr-Dec. FY 2016-17 current account deficit at 0.7% of GDP and government's commitment to fiscal consolidation reinstated investor confidence in the economy, resulting in record Net Foreign Direct Investment of US $ 35.9 billion in FY 2016-17. FY 2016-17 was also marked by two significant economic measures by the government. Government's demonetisation move to counter the shadow economy and promote cashless economy has boosted digital payments in the country. The economic reform process initiated by the Government would further help boost India's position in the global arena. This year has been marked by several historic economic policy developments. On the domestic side, a constitutional amendment paved the way for the long-awaited and transformational goods and services tax (GST) while demonetisation of the large currency notes signalled a regime shift to punitively raise the costs of illicit activities.

The policy initiatives starting first with demonetisation, a radical governance-cum-social engineering measure was enacted on November 8, 2016. The two largest denomination notes, ₹500 and ₹1000 together comprising 86 percent of all the cash in circulation were "demonetised" with immediate effect, ceasing to be legal tender except for a few specified purposes. These notes were to be deposited in the banks by December 30, 2016 while restrictions were placed on cash withdrawals. In other words, restrictions were placed on the convertibility of domestic money and bank deposits. The aim of the action was fourfold: to curb corruption, counterfeiting, the use of high denomination notes for terrorist activities, and especially the accumulation of "black money", generated by income that has not been declared to the tax authorities. Demonetisation was aimed at signalling a regime change, emphasizing the government's determination to penalize illicit activities and the associated wealth. In effect, the tax on illicit activities as well as on legal activities that were not disclosed to the tax authorities was sought to be permanently and punitively

increased. The broad conclusion is that demonetisation will create short-term costs and provide the basis for long run benefits. These costs are transitory, and may be minimised in recorded GDP because the national income accounts estimate informal activity on the basis of formal sector indicators, which have not suffered to the same extent. But the costs have nonetheless been real and significant.

At the same time, demonetisation has the potential to generate long-term benefits in terms of reduced corruption, greater digitalization of the economy, increased flows of financial savings, and greater formalization of the economy, all of which could eventually lead to higher GDP growth, better tax compliance and greater tax revenues.

The government has made great progress in improving redistributive efficiency over the last few years, most notably by passing the Aadhaar law, a vital component toward realizing its vision of JAM. (The pilots for Direct Benefit Transfers in fertilizer represent a very important new direction in this regard.) At the same time, prices facing consumers in many sectors are yet to move closer toward market levels. Even on the GST concerns about ensuring low tax rates for essentials, risks creating an unduly complicated structure with multiple and excessively high peak rates, thereby foregoing large services efficiency gains.

These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17. Looking further ahead, societal shifts in ideas and narratives will be needed to overcome three longstanding meta-challenges: inefficient redistribution, ambivalence about the private sector and property rights, and improving but still-challenged state capacity. In the aftermath of demonetisation, and at a time of gathering gloom about globalisation, articulating and embracing those ideational shifts will be critical to ensuring that India's sweet spot is enduring not evanescent. Unlike last year, there is more cyclical weakness on account of demonetisation. Moreover, the government has acquired more credibility because of posting steady and consistent improvements in the fiscal situation for three consecutive years, the central government fiscal deficit declining from 4.5 percent of GDP in 2013-14 to 4.1 percent, 3.9 percent, and 3.5 percent in the following three years. But fiscal policy needs to balance the cyclical imperatives with medium term issues relating to prudence and credibility.

Another area of reform relates to labour. Given the difficulty of reforming labour laws per se, the thrust could be to move towards affording greater choice to workers which would foster competition amongst service providers. At the same time, there could be a gradual move to ensure that at least compliance with the central labour laws is made paperless, presence less, and cashless.

Hospitality & Tourism Sector in India:

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. The industry is expected to generate 13.45 million jobs across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/ Tour Operators (0.66 million). The Ministry of Tourism plans to help the industry meet the increasing demand of skilled and trained manpower by providing hospitality education to students as well as certifying and upgrading skills of existing service providers. India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index.

Tourism and hospitality is included as one of the 25 focus sectors under the government's 'Make in India' initiative, which aims to 'transform India into a global design and manufacturing hub. The Ministry of Tourism (MoT) is focusing on driving tourism through branding and promotional campaigns, such as 'Incredible India' and 'Atithi Devo Bhava'. The 'Tourist Visa on Arrival (TVOA) scheme' was extended to 161 countries last year to promote international inbound tourism.

Tourism in India is the third largest foreign exchange earner of the country. The booming tourism industry has had a cascading effect on the hospitality sector with an increase in the occupancy ratios and average room rates.

As per world travel and tourism Council (WTTC), India is one of the favourite tourist destinations and will continue to be one of the favourite till 2018. Further, the Travel and Tourism Competitiveness Report by World Economic Forum, has ranked India at the sixth place in tourism and hospitality. The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI).

With a rise in online competition, popular models have come up with online travel agents (OTAs) offering a single marketplace for all travel-related needs. There are also seen meta search engines like TripAdvisor and Make My Trip, that operate like travel discovery platforms. Further, online accommodation reservation services like Oyo Rooms have gained popularity. Apart from this, branded hotels are seen operating direct bookings through their websites.

Apart from the above, the Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. The "Clean India"

campaign and development of inland waterways for transport and tourism are projects that have gained momentum over the previous year. Additionally, programmes such as "Make in India" and the "Smart Cities" initiative have highlighted the Government's support to skill development and investments in Hospitality and Tourism.

India is also one of the most improved nations, gaining 12 places to reach the 40th position globally. The country has seen continued growth in international arrivals over the past 15 years, reaching the 8 million mark in 2015. India continues to charm international tourists with its vast cultural and natural resources (9th and 24th, respectively), and its price competitiveness advantage (10th). India continues to enrich its cultural resources, protecting more cultural sites and intangible expressions through UNESCO World Heritage lists, and via a greater digital presence. International openness (55th, up 14 places), through stronger visa policies implementing both visas on arrival and e-visas, has enabled India to rise through the ranks. The T&T sector benefited from improvements in the country's ground transport infrastructure, which has traditionally been a challenge (29th). Health conditions are improving, though they remain inadequate (104th). Similarly, ICT readiness (112th), security concerns (114th) and human resources (87th) are improving, but remain weak. While further improvements are needed across these dimensions, India is taking small but important steps in the right direction. The Indian T&T sector presents significant opportunities that are yet to be reaped, especially in the provision of tourist service infrastructure (110th), and in terms of additional accommodation capacity, entertainment facilities and related services.

Travel & Tourism's Contribution to Employment

Travel & Tourism generated 25,394,500 jobs directly in 2016 (5.8% of total employment) and this is forecast to grow by 2.1% in 2017 to 25,925,500 (5.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.

By 2027, Travel & Tourism will account for 31,910,000 jobs directly, an increase of 2.1% pa over the next ten years.

Travel & Tourism's Contribution to GDP

The direct contribution of Travel & Tourism to GDP in 2016 was INR 4,809.8bn (3.3% of GDP). This is forecasted to rise by 6.9% to INR 5,141.1bn in 2017. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.

The direct contribution of Travel & Tourism to GDP is expected to grow by 6.8% pa to INR 9,948.5bn (3.5% of GDP) by 2027.

Market Size

India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism. Domestic Tourist Visits (DTVs) to the States/Union Territories (UTs) grew by 15.5 percent y-o-y to 1.65 billion (provisional) during 2016 with the top 10 States/UTs contributing about 84.2 percent to the total number of DTVs, as per Ministry of Tourism.

India is expected to move up five spots to be ranked among the top five business travel market globally by 2030, as business travel spending in the country is expected to treble until 2030 from US $ 30 billion in 2015. International hotel chains will likely increase their expansion and investment plans in India, and are expected to account for 50 percent share in the Indian hospitality industry by 2022, from the current 44 percent.

Foreign Tourist Arrival (FTA)

Number of Foreign Tourist Arrivals has grown steadily around 10 million during the year 2016 at a growth rate of 25% as compared to 8.02 million in the corresponding previous year of 2015.

Foreign Exchange Earing (FEE)

The total Foreign Exchange earned from Tourism during the year 2016 was in INR 2,01,960 Crores with a growth rate of 29% as compared to INR 1,35,193 Crores in the corresponding previous year of 2015. The Foreign currency earned from tourism during the year 2016 was USD 30.05 Billion as compared to previous year, 2015 was USD 21.07 Billion.

Investments

The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI). During the last 15 years the hotel and tourism sector attracted around US$ 9.93 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP). With the rise in the number of global tourists and realising India's potential, many companies have invested in the tourism and hospitality sector. Some of the recent developments in this sector are as follows:

- As per industry experts, mid-hotel segment in India is expected to receive investments of ₹6,600 crore (US $ 990 million) excluding land over next five years
- The first Incredible India Tourism Investment Summit 2016, which was organised from September 21-23, 2016, witnessed signing of 86 Memoranda of Understanding (MoUs) worth around ₹15,000 crore (US $ 2.24 billion), for the development of tourism and hospitality projects.

Medical Tourism

The country is witnessing 22-25 percent growth in medical tourism and healthcare providers expect the industry will double to $6 billion by 2018 from $3 billion now.

The government provides online visas, multiple entries, extensions of stay, and accreditation to more hospitals. Several other measures are under way, according to the Indian Medical Association (IMA). The chain received 170,000 foreign patients from 87 countries during 2016-17.

Government's Initiatives

The Government is taking several initiatives to encourage domestic as well as international tourism. These include policy/regulatory changes, infrastructural developments and promotional efforts.

- Tourism and hospitality is included as one of the 25 focus sectors under the government's 'Make in India' initiative, which aims to 'transform India into a global design and manufacturing hub'.
- The government has allowed 100 per cent FDI under the automatic route in the tourism and hospitality sector, including tourism construction projects such as development of hotels, resorts and recreational facilities.
- The Ministry of Tourism (MoT) is focussing on driving tourism through branding and promotional campaigns, such as 'Incredible India' and 'Atithi Devo Bhava'.
- The government is encouraging local involvement in tourism by promoting homestays; it is also urging the states to make the licensing process easier for homestays.
- Striving to improve the ease of doing business, the MoT has set up a website for online recognition of travel trade service providers.
- In October 2016, the government set up a task force for adventure tourism to resolve challenges related to the segment's development and promotion in the country.
- The MoT continues to promote tourism through bilateral/ tripartite agreements and Memoranda of Understanding (MoUs) with other countries and international organisations; India currently has 48 such agreements in place.
- In February 2016, the government launched the 'Swachh Paryatan' mobile application, which allows citizens to lodge complaints about uncleanliness in areas around selected monuments protected by the Archaeological Survey of India (ASI) 18.
- Over the past few years, the MoT, in collaboration with state / UT administrations, has been working on getting tourist police deployed at prominent tourist spots in the country.
- In 2016, the government announced the National Civil Aviation Policy (NCAP), which aims to improve regional air connectivity, make air travel affordable, simplify the processes and deregulate the industry.
- The 'Tourist Visa on Arrival (TVOA) scheme' was extended to 161 countries last year to promote international inbound tourism. A thorough and continued effort is required over the next few years to bring significant improvements in the tourism infrastructure across the country; initiatives in this aspect could lead to sustainable tourism at major spots, creation of quality and affordable transportation, and development of niche products, such as adventure and spiritual tourism.
- The government can look to incentivise private sector involvement in tourism infrastructure development to accelerate growth it is also expected to act upon the NCAP announced in 2016, and improve the regional air connectivity by putting to use the underserved airports and developing new ones in tier-II and tier-III cities.
- While there have been efforts to improve the ease. of doing business, there is still a significant scope for betterment in this area; uniformity and consistency in regulatory processes across the states through implementation of initiatives, such as single window clearance, could help achieve that objective.
- The safety of foreign as well as domestic travellers is a serious concern that needs to be addressed promptly; the states that have not deployed tourist police need to take this up on priority, and the ones that already have done so need to monitor and improve its effectiveness.

OUTLOOK

With a consistently growing middle class and increasing disposable income, the tourism and hospitality sector is witnessing a healthy growth and accounts for 7.5 percent of the country's GDP. It is expected to grow at 16.1 per cent Compound Annual Growth Rate (CAGR) to reach INR 2,796.9 thousand crore in 2022. The sector generates a significant amount of direct as well as indirect employment, and is also one of the key foreign exchange earners for the country. There are several factors that drive the market, including India's attractiveness as a medical tourism destination; steadily growing Meetings, Incentives, Conferences and Exhibitions (MICE) segment; and, an increasing preference among millennial to travel. However, the sector also faces several challenges in terms of high taxation, complex regulatory environment and inadequate tourism infrastructure.

The Company is well prepared to capitalize on the opportunities created in the Tourism and Hospitality sector due to growth in economy and initiatives by the government. The company is

taking steps to renovate the rooms and build additional halls at various hotels in the group to cater to the increasing demand. We will continue with the strategy of asset light model with management contracts as it is helps in improved profitability. We are confident that the current year will be a remarkable year for Royal Orchid in laying the foundation for next phase of growth and returning back to profitability.

Risk and Concerns

- The indirect tax levied on the tourism and hospitality sector's offerings in India is considerably higher at 18–25 percent than that levied by some of the major tourist destinations globally, where it is below 10 percent.
- The tourism infrastructure at several major tourist destinations in India is inadequate to support sustainable tourism; the primary areas of concern include poor and unsafe road transportation, insufficient regional air connectivity, unsanitary conditions and safety of travellers.
- Tourism and hospitality is a labour-intensive sector, and the country's complex labour laws at the centre as well as at the state level affect the existing and new businesses trying to enter the Indian market.

Internal Control Systems and adequacy

The Company has placed strict Internal Control Systems across various functions which are adequate and commensurate with the size of the operations. The operations of each of the individual hotel units are continuously monitored on a daily basis by various functional heads and a well structured Management Information System Report facilitates speedy identification and correction of deviations occur, if any.

Under the guidance and reference of the Audit Committee of Directors, an independent Company conducts the internal audits on concurrent basis across all the units of the Company and reports generated are reviewed at every meeting of Audit Committee of Directors. The Audit Committee of Directors reviews the scope and extent of audit functions through periodical discussions with the Company's Statutory and Internal Auditors and advises the modifications / improvements in the same, as and when required.

Discussion on Financial Performance with Respect to Operational Performance

The standalone Financial Performance of the Company is as follows:

Particulars	Financial Year 2017 (₹ in crs.)	Financial Year 2016 (₹ in crs.)	*% Change*
Income from Operations	91.30	87.85	4%
Other Income	8.25	6.93	19%
Total Income	**99.55**	**94.78**	**5%**
Total Expense	**79.33**	**77.19**	**3%**
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	**20.22**	**17.59**	**15%**
EBITDA Margin (%)	20%	19%	9%
Depreciation	4.25	4.00	6%
Earnings Before Interest and Tax	**15.97**	**13.59**	**18%**
Finance Cost	6.02	6.11	-1%
Earnings Before Tax	**9.95**	**7.48**	**33%**
Tax	0.04	-	-
Net Profit	**9.91**	**7.48**	**33%**

The Consolidated Financial Performance of the company is as follows:

Particulars	Financial Year 2017 (₹ in crs.)	Financial Year 2016 (₹ in crs.)	*% Change*
Income from Operations	162.53	158.53	3%
Other Income	7.06	5.68	24%
Total Income	**169.59**	**164.21**	**3%**
Total Expense	**142.13**	**138.19**	**3%**
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	**27.46**	**26.02**	**6%**
EBITDA Margin (%)	16%	16%	2%
Depreciation	13.11	13.90	(6%)
Earnings Before Interest and Tax	**14.35**	**12.12**	**18%**
Finance Cost	12.16	14.92	(19%)
Earnings Before Tax	**2.19**	**(2.80)**	**(178%)**
Tax	0.78	0.84	(7%)
Minority Interest	(1.05)	(2.34)	(55%)
Net Profit	**2.46**	**(1.3)**	**(289%)**

The Company continues to expand through 'asset light strategy' and building the brand portfolio through Management Contracts and Franchise contracts in various parts of the country and abroad. Royal Orchid Group has presence in **28** cities in **10** states with **3,159** Rooms and **1.24** Lakh Royal reward members. Most of the hotels in the group are present in Metro cities. ROHL has demonstrated the scalability of keys by establishing its presence in Tier I & Tier II cities. ROHL will continue to bring Luxury rooms at lower rates across country.

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

Adding No of Rooms	FY16	FY17
Management Contracts	1,738	2,112
Joint Ventures	396	396
Owned (Domestic)	195	195
Leased	456	456
Total KEYS	**2,785**	**3,159**

Details of new hotels Opened during the year are as follows:

- **Regenta Central Amritsar**

  Hotel Regenta Central is a well planned 4-star hotel and is considered as one of the best hotels in Amritsar, which is a bustling city located in Punjab. Amritsar is also considered as a heritage city by the Government of India. Owing to its strategic location Hotel Regenta Central is also an ideal accommodation option while considering hotels in Amritsar near Golden Temple. The city of Amritsar is renowned for the Golden Temple which is a popular tourist destination and an important religious center of the Sikhs. Hotel Regenta Central is just 5 minutes away from the Golden Temple ideally suited for any business or leisure travelers in the city. The hotel offers amazing luxurious rooms in various categories, and state-of-the- art halls to play host for various events. Sartaj Ballroom, Sargun, Season I Hall and Sargun, Season II Hall, are all spacious and can serve any event from elegant weddings to huge social events, corporate events and other business functions.

- **Regenta Central Jhotwara, Jaipur**

  Hotel Regenta Central Jhotwara, Jaipur is located in the hub of industrial area and is in close proximity to the Jaipur airport and railway station. With state-of-the-art banquet venues, fine dining outlets, and well-appointed rooms, our hotel is indeed the best choice of accommodation for all modern day travelers in the city. The pink city offers a multi-faceted world of tradition, culture and business. This hotel is positioned to offer all that and more.

- **Regenta Central Deccan, Chennai**

  Hotel Regenta Central Deccan offers 93 well-appointed rooms featuring three different categories like Superior rooms, Luxury Suites, and Deluxe suites and all the rooms are well supported with modern amenities. The hotel also offers some of the best vegetarian restaurants in Royapettah Chennai for delectable culinary tour. Its signature restaurant 'Olives' serve multi cuisines and L9 Mylai, serves authentic South Indian cuisines for delighting every palate of the patrons. It's bar Downtown serves mouth-watering light snacks and refreshing beverages for an unforgettable experience in Chennai. The hotel has a number of classy and well-equipped venues for hosting meetings and events and offers some of the best banquet halls in Royapettah Chennai to organize seamless events.

- **Regenta Inn Larica, Kolkata**

  Hotel Regenta Inn Larica is a prominent landmark in Rajarhat, downtown Kolkata. Located at a distance of just 2 km from the domestic and international airport, it is easily accessible from all major places of interest in the city. With adequate dining options, classy rooms and banqueting facilities, Regenta Inn Larica, Kolkata is an ideal choice of accommodation for any traveler in the city. Featuring 45 rooms including Premium Rooms, Executive Rooms and Suites, Regenta Inn Larica, Kolkata is ideal for both business and leisure travelers. With in-room dining facilities and complimentary toiletries, these elegant rooms and suites are well-equipped with all modern amenities to craft a wonderful stay for you. These aesthetically pleasing rooms and suites exude a sheer sense of joy and comfort at their very sight.

- **Regenta Inn, Vadodara**

  Hotel Regenta Inn, Vadodara is an excellent choice of accommodation for anyone traveling to the city. Located adjoining Ved Transcube Mall, a short walk from the Central Bus Station, Railway Station and Sayaji Gardens. The Hotel features 94 well-appointed rooms, classy banqueting facilities with pillar-less halls which can accomodate 500 guests and a multi-cuisine restaurant, Casablanca, the perfect place where you can tantalize your taste buds with a wide assortment of cuisines from different parts of the world.

- **Regenta Central Klassik, Ludhiana**

  Hotel Regenta Central Klassik, Ludhiana offers 75 classy accommodation choices in four different categories: Standard Rooms, Club Rooms, Deluxe Suites, and Luxury Suites. If you are in the city on business or for leisure purposes, we assure you that we offer the best of stay experiences in the city. Our elegant rooms and suites with all modern amenities ensure that you receive a peaceful slumber. The classy venues at our hotel have been designed to make your events the talk of the town. The strategic location of our hotel makes us easily accessible from all the major places of interest in the city. Punjab is known for its sumptuous cuisines and we at Hotel Regenta Central Klassik offer ample opportunity to our guests to savour the taste of the land in our dining outlets and unwind at our bar and lounge.

- **Regenta Resort Tarika, Jim Corbett**

  Regenta Resort Tarika, Jim Corbett is located on the serene foothills of Kumaon. On one side it is surrounded by the famous Corbett National Park and on the other the pristine Kosi River. Its exotic locale makes it one of the best destinations to plan a much needed vacation. The resort is home to 45 aesthetically pleasing rooms and cottages with unparalleled amenities to help you rejuvenate with a fulfilling stay. Our resort is also home to a number of dining outlets that will definitely help you satiate your cravings. Regenta Resort Tarika, Jim Corbett is also an ideal destination for weddings, conferences & and any other events as it is home to state-of-the-art venues.

- **Regenta Orkos, Haridwar**

  Hotel Regenta Orko's, Haridwar is a popular choice of accommodation among the travelers visiting the 'Devbhoomi' or the 'Land of Gods'. Located on the main Haridwar - Rishikesh highway and the railway station, it is also home to a spa, fitness center, fine dining outlets and a well-stocked library. The hotel can also offer non-vegetarian cuisine along with some finely blended spirits. Our well-furnished and elegantly adorned rooms have been designed to soothe your senses and offer you a good night's sleep. Available in Royal Club Rooms, Executive Suites, and Presidential Suite, they promise only comfort and luxury. Apart from the high-end amenities that you get to enjoy in our rooms and suites, each one of them are equipped with high-speed internet to help you stay connected.

Participation in major Exhibitions held during the year

- Great India Travel Bazaar on April 19-21, 2016 at the Jaipur Exhibition and Conference Centre
- OTM 2017 on February 21-23,2017 at the Bombay Convention & Exhibition Centre, Mumbai

Human Resources Initiatives

The Company continues to maintain a very cordial and healthy relationship with its workforce across all its units. The total number of permanent employees on rolls and contractual employees as at March 31, 2017 was 3418 across all its units.

The Company is ensuring the best place to work to attract and retain good employees in the Company. The Company continued to strive towards attracting, retaining, training, multiskilling employees. With the increase in workforce due to expansion in business, envisaging the requirement of adequate on the job training across the various levels of employees, a major thrust to the training and development of multiskilled certification programmes has been initiated through Presidency college of Hotel Management. Under the 'Hotel Royal Orchid Employees Welfare Trust' the Company continues to offer financial support for medical and educational needs of certain category of employees. The Human Resource Team carried out the following programs across the group during the year:

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

Cautionary Statement

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

Corporate Governance Report

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2017

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

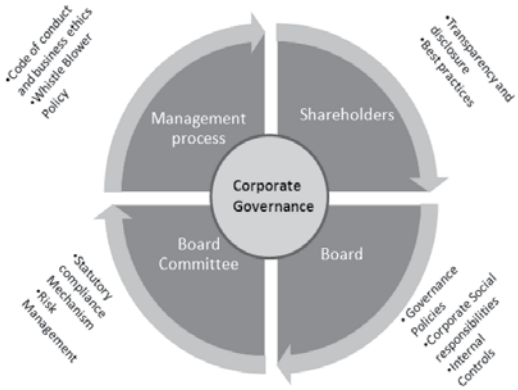
Royal Orchid Hotels Limited (hereinafter referred to as "ROHL" or "your Company"), observes the Corporate Governance principles and practices as key to sustainable corporate growth and long term shareholders' value creation. ROHL, it's Subsidiaries and Joint Venture companies, as a group values and believes in excellence in Corporate Governance as a good corporate citizen and is committed to ethical corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit to its stakeholders and for its long term success.

Your Company believes in maintaining the highest standards of corporate governance, not only in form but also in substance by incorporating highest levels of transparency, accountability and equity in all facets of its operations and in all its transactions with its stakeholders, including its Employees, Customers, Shareholders, Vendors, supporting agencies, Government, and society at large. The corporate governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct, Whistle Blower Policy, CSR Policy, and Code for Prohibition of Insider Trading and such other policies. We have summarized the same in this Corporate Governance Report.

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

ROHL's Corporate Governance philosophy is based on the following ideologies:

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



1. THE 4 TIER GOVERNANCE STRUCTURE AT ROHL

Corporate Governance philosophy is put into practice at ROHL group through the following four layers, namely,

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

i. The Shareholders appoint the Board of Directors and authorizes the Board to conduct the business and ensure accountability to all the stakeholders.

ii. The Board of Directors is responsible for the vision, strategy and good governance of the Company. The Board ensures good returns to the Stakeholders through strategic management.

iii. The Committees of the Board are responsible to set governance policies and principles and overview the internal controls of the Company.

iv. The Executive Management, appointed by the Board is responsible for day to day management of the Company in line with the strategies and principles set by the Board.

2. GOVERNANCE BY BOARD

2.1 Board of Directors

The Board of Directors of your Company which consists of an optimum mix of Executive and Non-Executive Directors. The composition of the Board consists of a fine blend of professionals from diverse backgrounds which enables the Board to discharge its responsibilities more efficiently and provide effective leadership by taking the Company's business to achieve greater heights.

Pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), the Board has six directors out of which one is Executive Director, two are Non-Executive Non-Independent Directors and three, i.e., half of the Board comprises of Independent Directors.

Corporate Governance Report *(continued)*

2.2 Directorships and Committee Memberships held by Directors in companies other than Royal Orchid Hotels Limited as on March 31, 2017.

Name of the Director	Age (in years)	Position/ Designation/ Promoter	DIN	Date of appointment	Directorship in other public Companies	Position in committees of the Board of other Indian Public Companies*	
						As Chairman	As member
Mr. C. K. Baljee*	66	Managing Director	00081844	03/01/1986	0	-	-
Mr. Sunil Sikka*	58	Non-Executive Director	00083032	30/09/2000	1	-	-
Mr. R.V.S. Rao[1]	73	Non-Executive and Independent Director	00061599	27/08/2005	NA	NA	NA
Mr. Vijay Rekhi	71	Non-Executive and Independent Director	00191298	06/07/2011	-	-	-
Mr. K. Jairaj[2]	65	Non-Executive and Independent Director	01875126	05/08/2013	NA	NA	NA
Ms. Sunita Baljee*	62	Non-Executive Director	00080737	01/04/2015	-	-	-
Mr. Vivek Mansingh[3]	61	Non-Executive and Independent Director	06903079	12/08/2016	1	-	-
Mr. Naveen Jain[4]	58	Non-Executive and Independent Director	00051183	25/10/2016	2	-	5

** Promoter of the Company*

1. *Mr. R.V.S. Rao tenure was completed w.e.f. 01.10.2016*
2. *Mr. K. Jairaj tenure was completed w.e.f. 01.10.2016*
3. *Dr. Vivek Mansingh was appointed as an Independent Director w.e.f. 12.08.2016*
4. *Mr. Naveen Jain appointed was as an Independent Director w.e.f. 25.10.2016*

3. Number of Directorships held in other public companies includes all companies, whether listed or unlisted but excludes foreign companies, other body corporates and professional bodies and does not include subsidiaries of public companies. The limits on directorships of Independent Directors and Executive Directors are within the permissible limits.

4. During the year under review, necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors. None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees across all Indian Companies.

5. As on April 01, 2017, all Independent Directors have submitted their declarations to the effect that they fulfil the criteria as laid down in Regulation 16(1) (b) of LODR, Sections 2 (47) and 149(6) of the Companies Act, 2013 and rules made there under.

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

7. Mr. Naveen Jain (DIN: 00051183), who was appointed as Additional Director on the Board w.e.f. 25.10.2016, is now proposed to be appointed as Independent Director for a term of 3 (three) Years, in the ensuing Annual General Meeting his brief profile is disclosed in the Annexure to Notice calling 31st Annual General Meeting of the Company.

8. Mr. Vivek Mansingh (DIN: 06903079) was appointed as an Independent Director for a term of 5 (Five) Years, w.e.f. August 12, 2016 at the 30th Annual General Meeting.

9. Ms. Sunita Baljee (DIN: 00080737), Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment, her brief profile is disclosed in the Annexure to Notice calling 31st Annual General Meeting of the Company.

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

11. Meetings of the Board and Attendance thereat Scheduling of Board meetings and agenda fixation

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

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

c) During the year under review, your Board met five times on 30.05.2016; 12.08.2016; 25.10.2016; 04.02.2017 and 18.02.2017 and the gap between two meetings did not exceed 120 days.

d) The Annual General Meeting for the Financial Year 2015 - 2016 was held on September 29, 2016.

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

Name	Board Meeting		AGM Attendance
	Held	Attended	
Mr. C. K. Baljee	5	5	Yes
Mr. Sunil Sikka	5	3	Yes
Mr. R. V. S. Rao [1]	5	2	Yes
Mr. Vijay K. Rekhi	5	5	Yes
Mr. K. Jairaj[2]	5	1	Yes
Ms. Sunita Baljee	5	4	Yes
Dr. Vivek Mansingh[3]	5	2	Yes
Mr. Naveen Jain[4]	5	2	NA

1. *Mr. R.V.S. Rao tenure was completed w.e.f. 01.10.2016*
2. *Mr. K. Jairaj tenure was completed w.e.f. 01.10.2016*
3. *Dr. Vivek Mansingh was appointed as an Independent Director w.e.f. 12.08.2016*
4. *Mr. Naveen Jain appointed was as an Independent Director w.e.f. 25.10.2016*

e) Information provided to the Board and its Committees

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

f) Post-meeting follow-up system

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

Corporate Governance Report *(continued)*

12. Directors Shareholding in the Company as on March 31, 2017

Name of the Director	Designation	No. of Equity Shares held by the Directors	Percentage of holding (%)
Mr. C. K. Baljee	Managing Director	1,20,01,060	44.07
Mr. Sunil Sikka	Non-Executive Director	30,475	0.11
Mr. R. V. S. Rao[1]	Independent and Non-Executive Director	4,500	0.02
Mr. K. Jairaj[2]	Independent and Non-Executive Director	NA	NA
Mr. Vijay Rekhi	Independent and Non-Executive Director	NA	NA
Mrs. Sunita Baljee	Non-Executive Director	2,26,260	0.83
Dr. Vivek Mansingh[3]	Non-Executive Director	0	0.00
Mr. Naveen Jain[4]	Non-Executive Director	0	0.00

1. *Mr. R.V.S. Rao tenure was completed w.e.f. 01.10.2016*
2. *Mr. K. Jairaj tenure was completed w.e.f. 01.10.2016*
3. *Dr. Vivek Mansingh was appointed as an Independent Director w.e.f. 12.08.2016*
4. *Mr. Naveen Jain appointed was as an Independent Director w.e.f. 25.10.2016*

13. Familiarisation programme for Independent Directors

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

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

14. Brief Profile of Board of Directors

Mr. C. K. Baljee

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

Mr. Vijay K. Rekhi

A Master's degree holder in Economics from Delhi School of Economics and an MBA from Indian Institute of Management, Ahmedabad served as the Managing Director of United Spirits Limited until April 19, 2011 and served as its President. Mr. Rekhi was associated with United Breweries for over 38 years including its overseas operations and has vast experience in the manufacturing, marketing and general management, particularly in the liquor industry. He served as Regional Director of UB International Ltd and held vast experience in the manufacturing, marketing and general management, particularly in FMCG and Beverage Alcohol.

Mr. Sunil Sikka

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

Ms. Sunita Baljee

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

Dr. Vivek Mansingh

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

Mr. Naveen Jain

Mr. Naveen Jain is heading Duet India Hotels, as President of the Company. Prior to joining Duet, Mr. Jain has worked with leading hotel Companies in India, namely, The Oberoi Group, and The Leela Hotels Group, leading several functions including hotel investments, treasury, corporate finance, operational finance, project execution and general management. Mr. Jain is a Fellow Member of the Institute of Chartered Accountants of India.

II. GOVERNANCE BY BOARD COMMITTEES

Committees of Board

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

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

As on March 31, 2017, the Board has following four Statutory Committees:

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

Audit Committee –

1. Terms of Reference

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

a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgment by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with listing and other legal requirements relating to financial statements;
   - Disclosure of any related party transactions;
   - Qualifications in the draft audit report;
   - Modified opinion(s) in the draft audit report.
e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
h) Approval or any subsequent modification of transactions of the Company with related parties.
i) Scrutiny of inter-corporate loans and investments.
j) Valuation of undertakings or assets of the Company, wherever it is necessary.
k) Evaluation of internal financial controls and risk management systems.
l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
n) Discussion with internal auditors any significant findings and follow up thereon.
o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
r) To review the functioning of the Whistle Blower mechanism.
s) Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
u) Management discussion and analysis of financial condition and results of operations.
v) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
w) Management letters/letters of internal control weaknesses issued by the statutory auditors.
x) Internal audit reports relating to internal control weaknesses.

Corporate Governance Report *(continued)*

y) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

z) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.

aa) Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of Listing Regulations and

ab) The Audit Committee of the listed holding Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

2. Composition of Committee:

In accordance with Section 177 of the Companies Act, 2013 and Regulation 19 of LODR, as on March 31, 2017, Audit Committee of the Company is duly constituted having three members, all of them are Non-Executive Independent Directors and the Chairman of the Committee is financially literate.

Details of the Members of Audit Committee are given below:

Name of the Member	Position in the Board	Position in the Committee
Mr. Naveen Jain[1]	Non-Executive Independent Director	Chairman
Mr. Vijay Rekhi	Non-Executive Independent Director	Member
Mr. Vivek Mansingh	Non-Executive Independent Director	Member

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

* *Mr. R.V.S. Rao ceased to be a Chairman of the committee consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*

* *Mr. K. Jairaj ceased to be a member of the committee consequent to his completion of tenure as a Director of the Company w.e.f . 01.10.2016*

1. *Mr. Naveen Jain was appointed as Chairman & Member w.e.f. 25.10.2016*

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

During the financial year 2016-17, the Audit Committee has met 4 times, i.e., 30.05.2016, 12.08.2016, 25.10.2016 and 04.02.2017 and attendance of the members is given below:

Name	Audit Committee Meetings	
	Held	Attended
Mr. R. V. S. Rao[1]	4	2
Mr. K. Jairaj[2]	4	1
Mr. Vijay K. Rekhi	4	4
Mr. Vivek Mansingh	4	2
Mr. Naveen Jain[3]	4	2
Ms. Sunita Baljee[4]	4	1

1. *Mr. R.V.S. Rao ceased to be a Chairman of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*
2. *Mr. K. Jairaj ceased to be a member of the committee, consequent to his completion of tenure as a Director of the Company w.e.f 01.10.2016.*
3. *Mr. Naveen Jain was appointed as Chairman & Member w.e. f. 25.10.2016*
4. *Due to completion of tenure of Mr. R.V.S. Rao and Mr. K. Jairaj ; Ms. Sunita Baljee was appointed as Member for one Committee meeting and relieved on appointment of Mr. Naveen Jain*

Nomination and Remuneration Committee –

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

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

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

The Company pays remuneration to its Managing Director, Annual increments as decided by the Nomination and Remuneration Committee within the salary scale approved by the Board, Shareholders and Central Goverments.

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

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

Criteria for selection of Independent Directors

1) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of information technology, sales/ marketing, finance, taxation, law, governance and general management.

2) In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

3) The Nomination and Remuneration Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as Director:

   a) Qualification, expertise and experience of the Directors in their respective fields;

   b) Personal, Professional or business standing; and

   c) Diversity of the Board.

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

2. Composition of the Nomination and Remuneration Committee:

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the LODR, as on March 31, 2017, Nomination and Remuneration Committee of the Company is duly constituted comprising of three members, all of them are Non-Executive Independent Directors and the chairperson is a Non-Executive Independent Director.

Name of the Member	Position in the Board	Position in the Committee
Mr. Vijay K. Rekhi[3]	Non-Executive Independent Director	Chairman
Dr. Vivek Mansingh[4]	Non-Executive Independent Director	Member
Mr. Naveen Jain[5]	Non-Executive Independent Director	Member

1. *Mr. R.V.S. Rao ceased to be a member & chairman of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*
2. *Mr. K. Jairaj ceased to be a member of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*
3. *Mr. Vijay Rekhi was appointed as Chairman w.e.f. 25.10.2016*
4. *Dr. Vivek Mansingh was appointed as Member w.e.f. 25.10.2016*
5. *Mr. Naveen Jain was appointed as Member w.e.f. 25.10.2016*

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

During the Financial Year 2016 - 2017, the Nomination and Remuneration Committee has met 4 times, i.e., 30.05.2016, 12.08.2016, 25.10.2016, 04.02.2017 and attendance of the members are given below:

Name	Nomination and Remuneration Committee Meetings	
	Held	Attended
Mr. R. V. S. Rao[1]	4	2
Mr. K. Jairaj[2]	4	1
Mr. Vijay Rekhi[3]	4	4
Dr. Vivek Mansingh[4]	4	2
Mr. Naveen Jain[5]	4	2
Ms. Sunita Baljee[6]	4	1

1. *Mr. R.V.S. Rao ceased to be a member & chairman of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*
2. *Mr. K. Jairaj ceased to be a member of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*
3. *Mr. Vijay Rekhi was appointed as Chairman w.e.f. 25.10.2016*
4. *Dr. Vivek Mansingh was appointed as Member w.e.f. 25.10.2016*
5. *Mr. Naveen Jain was appointed as Member w.e.f. 25.10.2016*
6. *Due to completion of tenure of Mr. R.V.S. Rao and Mr. K. Jairaj ; Ms. Sunita Baljee was appointed as Member for one Committee meeting and relieved on appointment of Mr. Naveen Jain*

Corporate Governance Report *(continued)*

4. Details of Key Managerial Personnel who is appointed during the year:

a) During the year under review, Dr. Ranabir Sanyal was appointed as Company Secretary of the Company w.e.f. 26.08.2016.

5. Performance evaluation criteria for Independent Directors:

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

Details of remuneration paid to the Directors for the year 2016-2017

During the year under review, the Ministry of Corporate Affairs vide their letter number: SRN/C54697651/5/2015 – CL.VII dated November, 3rd, 2015, has approved a total remuneration of ₹ 1,82,63,725/- to Mr. C. K. Baljee (DIN: 00081844), Managing Director of the Company, for Financial Year 2016 – 2017 and in accordance with the Central Government approval and the remuneration policy of the Company following are the details of remuneration to the Board:

(₹ In Lacs)

Sl. No.	Name of Director	Sitting fees (₹)	Salary (₹)	Commission (₹)
1.	Mr. C. K. Baljee	NIL	182.64	NIL
2.	Ms. Sunita Baljee	2.70	NIL	NIL
3.	Mr. Sunil Sikka	1.50	NIL	NIL
4.	Mr. R. V. S. Rao	2.80	NIL	NIL
5.	Mr. Vijay K. Rekhi	5.30	NIL	NIL
6.	Mr. K. Jairaj	1.40	NIL	NIL
7.	Dr. Vivek Mansingh	2.80	NIL	NIL
8.	Mr. Naveen Jain	2.80	NIL	NIL

Note: No stock options have been granted to any of the Directors during the financial year 2016-2017.

Stakeholders' Relationship Committee –

Terms of reference of Stakeholders' Relationship Committee

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

The Stakeholders' Relationship Committee shall:

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

1. Composition of Stakeholders Relationship Committee:

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

Name of the Member	Position in the Board	Position in the Committee
Dr. Vivek Mansingh[1]	Non-Executive Independent Director	Chairman
Mr. Naveen Jain[2]	Non-Executive Independent Director	Member
Mr. C. K. Baljee	Managing Director	Member

* *Mr. R.V.S. Rao ceased to be a member of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*

* *Mr. K. Jairaj ceased to be a member & chairman of the committee, consequent to his completion of tenure as a Director of the Company w.e.f. 01.10.2016*

1. *Dr. Vivek Mansingh was appointed as Chairman w.e.f. 25.10.2016*
2. *Mr. Naveen Jain was appointed as Member w.e.f. 25.10.2016*

2. Meetings and Attendance of members of Stakeholders' Relationship Committee:

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

During the financial year 2016-2017, the Stakeholders' Relationship Committee has met 4 times, i.e., 30.05.2016, 12.08.2016, 25.10.2016and04.02.2017andattendanceofthemembersaregiven below:

Name	Stakeholders Relationship Committee Meetings	
	Held	Attended
Mr. R. V. S. Rao[1]	4	2
Mr. K. Jairaj[2]	4	1
Mr. C. K. Baljee	4	4
Dr. Vivek Mansingh[3]	4	2
Mr. Naveen Jain[4]	4	2

1. *Mr. R.V.S. Rao ceased to be a member of the committee, consequent to his tenure resignation as a Director of the Company w.e.f. 01.10.2016.*
2. *Mr. K. Jairaj ceased to be a Chairman of the committee, consequent to his tenure resignation as a Director of the Company w.e.f. 01.10.2016.*
3. *Dr. Vivek Mansingh was appointed as Chairman w.e.f. 25.10.2016*
4. *Mr. Naveen Jain was appointed as Member w.e.f. 25.10.2016*

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

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

   Your Company maintains a functional website containing necessary information about the Company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and/ or their associates, etc., at www.royalorchidhotels.com/common/about-ro-investors.asp and the contents of the said website are updated at any given point of time as per the requirements of Companies Act, 2013 and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

   The Company has appointed Integrated Registry Management Services Pvt. Ltd. as its Registrar and Share Transfer Agent, they are entitled to handle the Investor's Grievances as and when received the Company, they have sufficient infrastructure to process and resolve these grievances.

   The Registrar and Share Transfer Agent, in every quarter, send the Company, a status of investor's grievances and as on 31st March, 2017, there were no complaints pending to be resolved. Following is the complete status of Investor's Grievances during the Financial Year 2016-2017:

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

Corporate Social Responsibility (CSR) Committee:

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

1. **Terms of reference of CSR Committee:**

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

2. **Composition of CSR Committee:**

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

   The members are appointed by the Board. The Committee consists of three members, who are nominated by the

Corporate Governance Report *(continued)*

Board from time to time and at least one is Non-Executive Independent Director of the Company.

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

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

III. GOVERNANCE THROUGH MANAGEMENT PROCESS

Empowerment and Control:

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

Risk Management:

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

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

Environment Initiatives

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

IV. GOVERNANCE TO SHAREHOLDERS

General Body Meetings:

Annual General Meeting for the year 2016 - 2017 is scheduled to be held on Wednesday, September 27, 2017 at 09:30 a. m. The meeting will be conducted at the ROYAL ORCHID RESORT AND CONVENTION CENTER, ALLALSANDRA, BELLARY ROAD, YELAHANKA, NEAR JAKKUR FLYING CLUB, BENGALURU - 560 065, KARNATAKA.

The facility to appoint a proxy to represent the members at the meeting is also available for the members who would be unable to attend the meeting. You are required to fill a proxy form and send it to us latest by September 24, 2017 before 6.30 p. m.

1. Annual General Meetings

Financial Year	Date	Time	Venue	Special Resolutions/ important items passed in the Annual General Meeting
2013-14	29.09.2014	11.00 a. m.	Registered Office	- To re-approve payment of remuneration of Mr. C K Baljee as Managing Director of the Company for the year 2014-2015 - To approve the re-appointment of Mr. C K Baljee as Managing Director of the Company and to approve the remuneration - To approve Employee Stock Option Scheme of the Company, known as Employee Stock Option Scheme – 2014 (ESOP Scheme – 2014)
2014-15	29.09.2015	11.00 a. m.	Registered Office	Appointment of auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 32nd Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s)

2015-16	29.09.2016	10.00 a. m.	Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelhanka, Bangalore – 560 065	1. To Re-appointment of Mr. Vijay Rekhi as an Independent Director of the Company for a second term 2. To appoint Dr. Vivek Mansingh as Independent Director of the Company. 3. To authorise Board of Directors for payment of remuneration to Non-executive Directors of the Company.

2. Extraordinary General Meeting(s)

Financial Year	Date	Time	Venue	Special Resolutions passed in the Annual General Meeting
2013-14 2014-15 2015-16	No Extraordinary General Meeting was conducted during last three years			

3. No Postal Ballot held during the year ended March 31, 2017.

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

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

Resolution No.	No. of E-votes/ postal ballots in favour	Total Votes cast in favour of Resolution	No. of E-votes/ postal ballots against	Votes cast against the Resolution	Percentage of votes in favour of total votes
1.	53	1,93,13,473	2	42	99.99978%
2.	53	1,93,13,473	2	42	99.99978%
3.	53	1,93,13,473	2	42	99.9978%
4.	52	1,93,13,471	3	44	99.9977%
5.	52	1,93,13,471	3	44	99.9977%
6.	51	1,93,13,401	4	114	99.9940%

The result of the voting through electronic means and through poll was announced on October 03, 2016. After declaration, the result was communicated to the stock exchanges and the report of the Scrutiniser (MGT-13) was also posted on the Company's website at www.royalorchidhotels.com/pdfs/scrutinizer-report.pdf.

Scrutinizer:

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

Means of Communication:

1	Quarterly results	The Quarterly unaudited financials of the Company are published in news papers and also on the Company's website.
2	Newspapers in which results are normally published	The Financial Express and Vijayavani
3	Company's Website	www.royalorchidhotels.com
4	Websites' investor's section	www.royalorchidhotels.com/common/about-ro-investors.asp
5	Whether website also displays official News Releases and the presentations made to Institutional Investors or to the analysts	The official news releases presentations to investors are also displayed on the website of the Company

Corporate Governance Report *(continued)*

General Shareholder Information:

1. Annual General Meeting:

Date : **WEDNESDAY, SEPTEMBER 27, 2017**

Time : **09.30 a. m.**

Venue : **ROYAL ORCHID RESORT AND CONVENTION CENTER, ALLALSANDRA, BELLARY ROAD, YELAHANKA, NEAR JAKKUR FLYING CLUB, BENGALURU - 560 065, KARNATAKA.**

2. Financial Calendar:

Financial Year:	**2016-17**
Book Closures Dates:	**Wednesday, September 20, 2017 to Wednesday, September 27, 2017**
Cut-off date for the purpose of remote E- voting	**Thursday, September 19, 2017**
Dividend Declaration:	**Interim Dividend of Re. 1.00/- per Equity Share of ₹ 10.00/- each. (10%) for the Financial Year 2016-17 was declared by the Board of Directors of the Company.**
Exchange on which Equity Shares are listed:	**The National Stock Exchange of India Limited** Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051 **The Bombay Stock Exchange Limited** Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai – 400 001

3. Financial Reporting (held and tentative)

For the quarter ended 30.06.2017	August 2017
For the quarter ending 30.09.2017	November 2017
For the quarter ending 31.12.2017	February 2018
For the quarter ending 31.03.2018	May 2018

4. Listing fees for the year ending 2016-17 has been paid to both the Stock Exchanges where shares are listed.

5. Scrip Code:

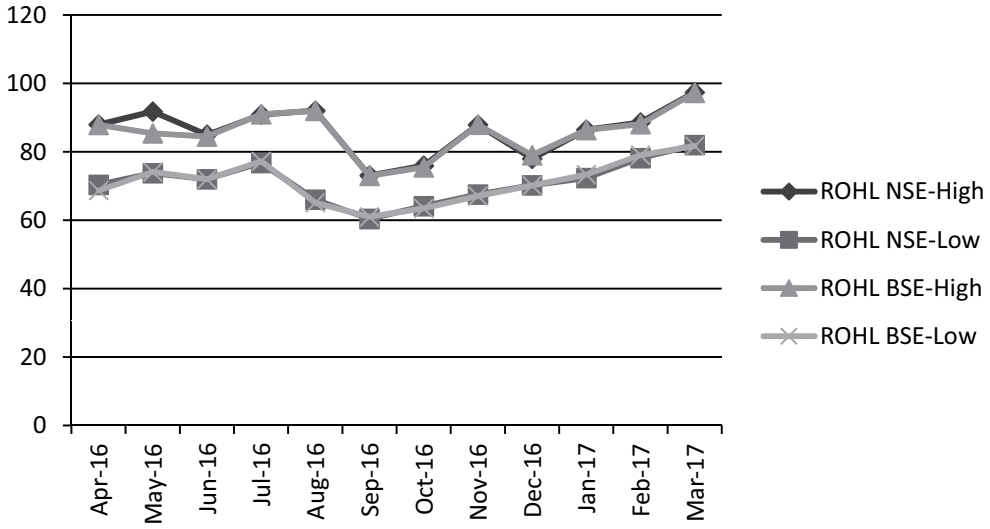
Particulars	**Scrip Code**
The National Stock Exchange of India Limited	ROHLTD
The Bombay Stock Exchange Limited	532699
ISIN Numbers in NSDL and CDSL	INE283H01019

6. Market Price Data

The Equity Shares of the Company were listed with Stock Exchanges on **February 06, 2006.** The following is the data of high and low closing quotations of Equity Shares of the Company during April 2016 to March 2017.

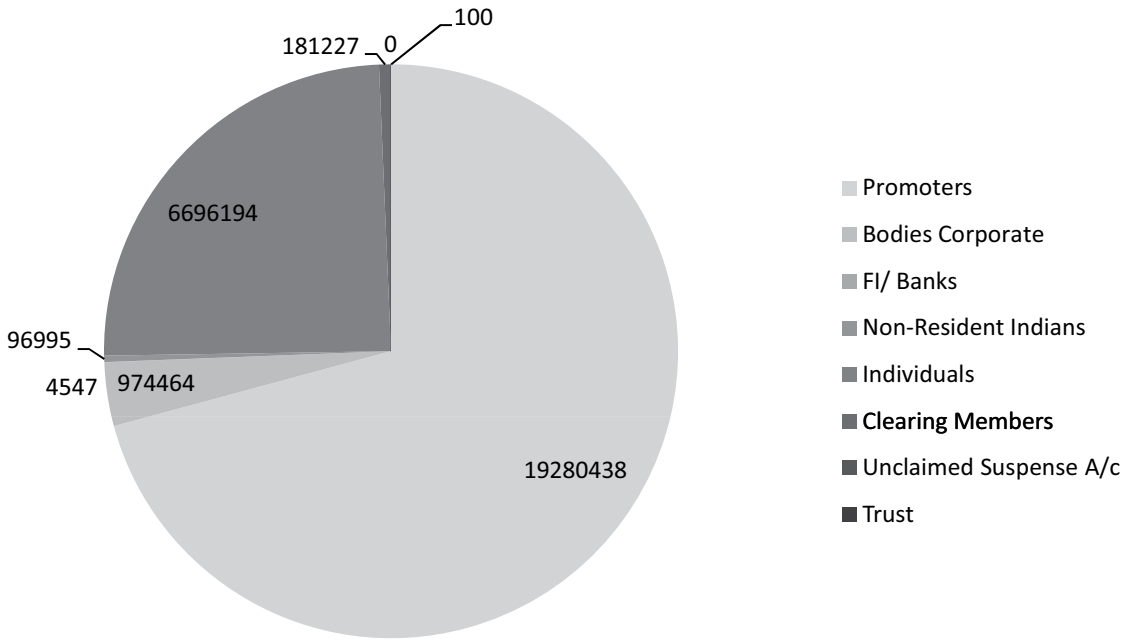
Month	**National Stock Exchange (NSE)**		**Bombay Stock Exchange (BSE)**	
	ROHL_NSE-High	**ROHL_NSE-Low**	**ROHL_BSE-High**	**ROHL_BSE-Low**
Apr-16	88.00	70.35	87.90	68.70
May-16	91.80	73.80	85.40	74.10
Jun-16	85.00	72.00	84.50	72.00
Jul-16	90.90	76.75	91.00	77.25
Aug-16	92.05	66.05	92.00	65.15
Sep-16	73.10	60.40	73.00	61.00
Oct-16	75.95	64.10	75.45	63.50
Nov-16	87.90	67.55	88.00	67.10
Dec-16	78.00	70.25	79.00	70.15
Jan-17	86.50	72.35	86.40	73.35
Feb-17	88.60	78.20	88.10	79.00
Mar-17	97.40	82.00	97.25	81.75

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



7. Distribution of Shareholding as on March 31, 2017

Category	No of shares held	% to Paid up capital
Promoters	1,92,80,438	70.80
Bodies Corporate	9,74,464	3.58
FI/Banks	4,547	0.017
Non-Resident Indians	96,995	0.36
Individuals	6,696,194	24.59
Clearing Members	181,227	0.67
Unclaimed Suspense A/c	0	0.00
Trust	100	0.0004
TOTAL	**27,233,965**	**100.00**



Corporate Governance Report *(continued)*

8. Distribution Schedule as on March 31, 2017

Category	No. of Members	% of Total	Amount	% of Total
Upto 5000	15032	90.90	14320800	5.26
5001 - 10,000	705	04.26	5711460	2.10
10,001 - 20,000	385	02.33	5818300	2.14
20,001 - 30,000	134	0.81	3465680	1.27
30,001 - 40,000	59	0.36	2133410	0.78
40,001 - 50,000	52	0.31	2482830	0.91
50,001 - 1,00,000	91	0.55	6623500	2.43
1,00,001 and above	79	0.48	231783670	85.11
Total	**16537**	**100.00**	**272339650**	**100.00**

9. Top ten shareholders of the Company (excluding promoters) as on March 31, 2017

Sl. No.	Name of Shareholder	No. of Shares
1.	Ashish Kacholia	10,73,587
2.	Rahul Kayan	3,57,418
3.	Rahul Madhusudan Bhangadia	1,90,000
4.	Rajasthan Global Securities Private Limited	1,45,718
5.	Panna Lal C Kothari HUF	1,43,000
6.	Rahul Goenka	1,24,900
7.	Rajesh Kumar Agarwal	1,11,000
8.	Dinero Finance And Investments Pvt. Ltd	89,999
9.	Own Leasing And Finance Pvt. Ltd	89,530
10.	Ageless Capital and Finance Private Limited	70,000

10. Dematerialization of Shares and Liquidity

The Company's shares are available for dematerialization with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). About 99.80% of the paid-up equity share capital of the Company has been dematerialized as on March 31, 2017.

Description	No. of Share-holders	No. of shares	% of Equity
Physical	89	54822	0.20
CDSL	4774	1702464	6.25
NSDL	11674	25476679	93.55
Total	**16537**	**27233965**	**100.00%**

11. Registrar and Share Transfer Agent

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

Integrated Registry Management Services Pvt. Ltd.

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

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

12. Hotels and Resorts Locations:

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

13. Address for Correspondence:

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

Other Disclosures:

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

   The Company has given a Corporate Guarantee of ₹ 18 Crore to SREI Infrastructure Finance Limited for Loan taken by subsidiary Company ICON Hospitality Private Limited.

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

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

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

3. **Vigil Mechanism and Whistle Blower Policy:** Establishment of Vigil Mechanism and Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

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

   The Company has adopted a Whistle Blower Policy and has established the vigil mechanism in line with the Companies Act, 2013 and the LODR, for employees to report concerns about alleged wrongful conduct, including unethical behaviour, financial irregularities, sexual harassment, infringement and misuse of property. It also provides protection against victimization of employees who avail of the mechanism and also allows direct access to the Audit Committee. The policy is displayed on the intranet of the Company and it is also available on the website of the Company at www.royalorchidhotels.com/pdfs/Whistle-Blower-Policy.pdf.

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

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

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

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

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

   In compliance with the provisions of Regulation 6 of LODR, a separate designated e-mail ID, investors@royalorchidhotels.com operates as a dedicated ID solely for the purpose of registering investor grievances.

7. **Compliance Certificate of Corporate Governance:**

   The Company has obtained a Certificate from the Company Secretary in whole-time Practice regarding compliances as stipulated in Clause 40(9) of the Listing Obligations and Disclosure Requirements (LODR). The Certificate is appended as **Annexure – A.**

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

   Pursuant to Regulation 17 of the LODR, all Board Members and Senior Management personnel shall affirm Compliance with code on annual basis. Company has obtained a Certificate from the Managing Director regarding compliances as stipulated in Regulation 17 of the LODR. The Certificate is appended as **Annexure – B.**

9. **CEO/CFO Certification:**

   Pursuant to Regulation 33 of the SEBI (LODR) Regulation 2015, Managing Director and the Chief Financial Officer of the Company shall certify to the Board the provisions stipulated herein. The Company has obtained a Certificate from the Managing Director and the CFO, appended as **Annexure – C**.

10. **Reconciliation of Share Capital Audit:**

    As required under Regulations 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Certificate issued by the Company Secretary in Whole-time Practice in regard to the same is submitted to BSE Limited and NSE Limited and is also placed before the Board of Directors in every quarter.

11. **Subsidiary**

    The Company has 13 Indian Subsidiaries and 1 foreign subsidiary as on the year ended 31st March, 2017. One of the Independent Directors of the Company is also on the Board of material Subsidiary i.e. Icon Hospitality Pvt. Ltd.

Corporate Governance Report *(continued)*

12. Unclaimed Dividends:

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

Financial Year	Dividend declared (%)	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed Dividend amount (₹)	Due date for transfer to IEPF
2009-10	NIL	NA	NA	NA	NA
2010-11	15%	05.09.2011	12.09.2018	1,45,239/-	10.10.2018
2011-12	NIL	NA	NA	NA	NA
2012-13	NIL	NA	NA	NA	NA
2013-14	NIL	NA	NA	NA	NA
2014-15	NIL	NA	NA	NA	NA
2015-16	NIL	NA	NA	NA	NA
2016-17*	10%	18.02.2017	25.03.2024	1,54,976	25.03.2024

** Interim Dividend for the financial year 2016-17 declared on 18.02.2017*

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

During the year 2016-2017 the Company has transferred an amount of ₹1,73,665/- being unclaimed amount to the General Revenue Account/Investor Education and Protection Fund (IEPF) pursuant to Section 124 of the Companies Act, 2013.

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

13. The Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations. The Company has adopted following non-mandatory requirements of Regulation 27 and Regulation 34 of the Listing Regulations.

14. The notice period of Mr. C. K. Baljee M.D. is one year.

AUDIT QUALIFICATION

The Company is in the regime of unqualified financial statement.

REPORTING OF INTERNAL AUDITOR

The Internal Audit is done by external internal auditor who acts as per the directions of the Audit Committee.

Annexure – A

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF ROYAL ORCHID HOTELS LIMITED

I have examined the compliance of conditions of Corporate Governance by **M/s. Royal Orchid Hotels Limited** ("the Company") for the financial year ended March 31, 2017, as stipulated in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the said Company with the Stock Exchanges.

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

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

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

Place : Bengaluru
Date : 10.08.17

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

Annexure – B

Declaration by the C. K. Baljee, Managing Director regarding Compliance with Code of Conduct
I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with Code of Conduct, as applicable to them, for the financial year ended on March 31, 2017.

Place : Bengaluru
Date : May 29, 2017

C. K. Baljee
Managing Director
DIN: 00081844

Annexure – C

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification
(Pursuant to Regulation 17(8) and Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Board of Directors
Royal Orchid Hotels Limited

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

1. *We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:*
   a. *These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*
   b. *These statements together present, a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable laws and regulations. .*
2. *There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.*
3. *We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.*
4. *We have indicated to the auditors and the Audit committee*
   i) *There are no significant changes in internal control over financial reporting during the year;*
   ii) *There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and*
   iii) *There are no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the company's internal control system over financial reporting.*

Bengaluru	***Chander K. Baljee***	***Amit Jaiswal***
May 29, 2017	*Managing Director*	*Chief Financial Officer*

Independent Auditors' Report

To the Members of Royal Orchid Hotels Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ROYAL ORCHID HOTELS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

Independent Auditors' Report *(continued)*

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

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

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

(iv) The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

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

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU,
May 29, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **ROYAL ORCHID HOTELS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU,
May 29, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on the examination of the lease agreements, we report that in respect of building constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

With respect to freehold land, where the Company has a share of undivided land jointly with other entities, according to the information and explanations given to us and based on the examination of registered

Independent Auditors' Report *(continued)*

sale deed provided to us, we report that, the title deeds, comprising of such immovable property as at the balance sheet date, is held in the name of the Company.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans, to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.

(c) The schedule of repayment is not stipulated and in the absence of such schedule, we are unable to comment on the overdue amount, if any remaining outstanding as at the balance sheet date.

(iv) The Company has not granted any loans that are covered under the provisions of Section 185 of the Act and provisions of Section 186 of the Act in respect to granting of loans, making investments and providing guarantees and securities are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits.

(vi) Having regard to the nature of the Company's business/ activities, reporting under Clause (vi) of the order 2016 is not applicable.

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

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

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable other than as reported below:

Name of Statute	Nature of Dues	Amount (₹)	Period to which the Amount Relates	Due Date
Finance Act, 1994	Interest on delayed payment of Service Tax	6,67,624	March 2016 to June 2016	March 2016 to July 2016
Income tax Act,1961	Interest on delayed payment of TDS	49,500	June 2016	July 2016

(b) Details of dues, which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹)
Income tax Act,1961	Income Tax	Commissioner of Income Tax- Appeals	Financial year 2008-09	2,27,45,640
			Financial year 2010-11	1,98,74,500
Customs Act, 1962	Customs duty	Commissioner of Customs Appeals	Financial Year 2006-07	3,32,680

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has no borrowings from government and has not issued any debentures.

Independent Auditors' Report *(continued)*

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU,
May 29, 2017

Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and Liabilities			
Shareholders' funds			
Share capital	4	272,339,650	272,339,650
Reserves and surplus	5	1,737,625,646	1,671,311,095
		2,009,965,296	**1,943,650,745**
Non-current liabilities			
Long-term borrowings	6	376,515,877	361,376,821
Deferred tax liability (Net)	7	-	-
Other long-term liabilities	8	83,587,305	-
Long-term provisions	9	14,583,795	12,969,303
		474,686,977	**374,346,124**
Current liabilities			
Short-term borrowings	10	-	10,500,000
Trade payables	11		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		171,149,689	165,725,450
Other current liabilities	12	153,533,050	185,649,777
Short-term provisions	13	2,617,042	1,967,834
		327,299,781	**363,843,061**
Total		**2,811,952,054**	**2,681,839,930**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	14	372,939,858	337,689,191
Intangible assets		-	-
Capital work-in-progress		-	16,858,108
Non-current investments	15	1,681,672,567	1,629,206,386
Deferred tax assets (Net)	16	10,073,947	-
Long-term loans and advances	17	462,863,675	485,452,840
		2,527,550,047	**2,469,206,525**
Current assets			
Inventories	18	11,767,143	11,652,109
Trade receivables	19	96,608,895	90,928,144
Cash and bank balances	20	72,387,193	50,596,816
Short-term loans and advances	21	36,678,452	15,999,391
Other current assets	22	66,960,324	43,456,945
		284,402,007	**212,633,405**
Total		**2,811,952,054**	**2,681,839,930**

See accompanying notes to financial statements.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 29 May 2017

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Statement of Profit and Loss for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	23	913,056,576	878,532,943
Other income	24	82,459,682	56,072,938
Total revenue		**995,516,258**	**934,605,881**
Expenses			
Food and beverages consumed	25	117,836,181	120,416,177
Employee benefits expense	26	192,793,753	183,464,235
Finance costs	27	60,233,832	61,100,842
Depreciation and amortisation	28	42,451,185	39,975,753
Other expenses	29	482,751,052	468,010,903
Total expenses		**896,066,003**	**872,967,910**
Profit before exceptional item and tax		**99,450,255**	**61,637,971**
Exceptional item	43	-	13,200,000
Profit before tax		**99,450,255**	**74,837,971**
Tax expense/(benefit)			
Current tax		20,573,235	15,300,000
Deferred tax credit		(10,073,946)	-
Minimum alternate tax credit		(10,141,744)	(15,300,000)
		357,545	-
Profit for the year		**99,092,710**	**74,837,971**
Earnings per equity share of ₹10 each	30		
Basic/Diluted		3.64	2.75

See accompanying notes to financial statements.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 29 May 2017

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Cash Flow Statement for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net profit before tax	**99,450,255**	**74,837,971**
Adjustments for:		
Depreciation and amortisation	42,451,185	39,975,753
Loss on fixed assets sold/written off	1,832,398	2,668,594
Interest income	(37,097,037)	(22,322,364)
Interest expense, net	60,233,832	61,100,842
Dividend income	(10,017,810)	-
Liability no longer required, written back	(28,718,849)	(15,715,452)
Provision for doubtful trade receivables	2,418,289	3,565,982
Unrealised exchange (gain)/loss	12,987,524	(8,601,182)
Operating profit before working capital changes	**143,539,787**	**135,510,144**
Changes in working capital:		
Increase/(Decrease) in provisions	2,263,700	(5,949,281)
Increase in trade payables and other liabilities	56,629,275	19,281,244
(Increase)/Decrease in trade receivables and unbilled revenue	(6,536,301)	21,510,237
Increase in inventories	(115,034)	(419,022)
(Increase)/Decrease in loans and advances	(16,398,905)	26,322,309
Cash generated from operations	**179,382,522**	**196,255,631**
Direct taxes paid (net)	21,550,020	15,892,646
Net cash generated from operating activities	**157,832,502**	**180,362,985**
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)	(48,696,375)	(62,051,809)
Proceeds from sale of fixed assets	851,984	15,000
Interest received	9,957,447	6,669,019
Investment in debentures of subsidiary/jointly controlled entities	(27,466,181)	(84,501,406)
Investment in equity share capital of a subsidiary	-	(7,697,300)
Dividend income	10,017,810	-
Loans given to subsidiaries	(3,811,838)	(28,289,336)
Loans repaid by subsidiaries	7,670,437	14,445,183
Change in other bank balances	(1,571,826)	2,588,725
Net cash (used in)/generated from investing activities	**(53,048,542)**	**(158,821,924)**

Cash Flow Statement for the year ended 31 March 2017 *(continued)*

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
C. Cash flows from financing activities		
Interest paid	(58,229,680)	(64,484,230)
Proceeds from borrowings	67,052,061	50,919,167
Repayment of secured borrowings	(61,220,618)	(26,434,660)
Change in unclaimed dividend	(173,516)	-
Repayment of unsecured borrowings	-	(4,666,140)
Interim dividend paid	(27,233,965)	-
Dividend distribution tax on interim dividend	(4,759,691)	-
Net cash (used in)/from financing activities	**(84,565,409)**	**(44,665,863)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**20,218,551**	**(23,124,802)**
Cash and cash equivalents at the beginning of the year	**36,528,671**	**59,653,473**
Cash and cash equivalents at the end of the year (refer Note 20)	**56,747,222**	**36,528,671**

In terms of our report attached.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 29 May 2017

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Notes to financial statements

1 Background

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

2 Operational outlook

The Current liabilities of the Company exceed its current assets by ₹42.89 millions as at 31 March 2017 and the Company is committed to provide financial and operational support to one of its subsidiaries. In view of its plans for improving operational cash flows through cost synergies, exploring avenues of enhancing revenues, disposing off certain investments etc., the management is confident of further improving and maintaining sustainable operating cash flows and accordingly the statement is prepared and presented on a going concern basis, which contemplates realization of asset and settlement of liabilities in the normal course of business.

3 Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates

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

(c) Revenue recognition

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

Income from services

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

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

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

Interest

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

(d) Tangible assets

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

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

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

(d) Tangible assets *(Cont'd)*

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

(e) Depreciation and amortisation

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

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

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

(f) Borrowing costs

Borrowing cost directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of respective assets. All other borrowing cost are expensed in the period they occur.

(g) Impairment of assets

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

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

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

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

(h) Investments

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

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

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

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

Notes to financial statements *(continued)*

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

(i) Inventory

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

(j) Foreign currency transactions

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

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

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

(k) Leases

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

Finance leases

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

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

Operating leases

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

(l) Employee benefits

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

Defined Contribution plans

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

Defined benefit plans

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

Short-term and long-term employee benefits

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

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

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

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

(m) Tax expense

Current tax

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

Minimum Alternate Tax

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

Deferred tax

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

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

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

(n) Earnings per share

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

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

(o) Provisions and contingent liabilities

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

Notes to financial statements *(continued)*

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

(p) Cash and cash equivalents

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

(q) Cash flow statement

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

(r) Operating cycle

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

Notes to financial statements *(continued)*

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
4. Share Capital				
Authorised share capital				
Equity shares of ₹ 10 each	50,000,000	500,000,000	50,000,000	500,000,000
	50,000,000	**500,000,000**	**50,000,000**	**500,000,000**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	27,233,965	272,339,650	27,233,965	272,339,650
	27,233,965	**272,339,650**	**27,233,965**	**272,339,650**

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

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

	As at 31 March 2017		As at 31 March 2016	
	Number of Shares held	% holding in Class of Shares	Number of Shares held	% holding in Class of Shares
Equity shares of ₹ 10 each				
Mr. Chander K. Baljee	12,001,060	44.07%	12,014,560	44.12%
Baljees Hotels and Real Estates Private Limited	5,714,689	20.98%	5,714,689	20.98%
	17,715,749	**65.05%**	**17,729,249**	**65.10%**

c) Terms and rights attached to equity shares

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

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 2017. Further, the Company has not issued any shares without payment being received in cash.

e) Shares reserved for issue under Options granted under the Company's Employee Stock Option Scheme, 2014 (refer Note 41)

Particulars	As at 31 March 2017 Number	As at 31 March 2016 Number
Ordinary Shares of ₹10 each	**1,361,698**	1,361,698

Notes to financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
5. Reserves and surplus		
Foreign exchange earnings reserve	**1,100,000**	**1,100,000**
Securities premium account	**1,130,684,095**	**1,130,684,095**
General reserve	**101,593,740**	**101,593,740**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	437,933,260	363,095,289
Add: Profit for the year	99,092,710	74,837,971
Less: Interim dividend at ₹1 per share	(27,233,965)	-
Less: Dividend distribution tax on interim dividend	(5,544,194)	-
	504,247,811	*437,933,260*
	1,737,625,646	**1,671,311,095**

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
6. Long-term borrowings		
Secured		
Indian rupee term loan		
From a financial institution	415,326,213	408,718,939
Vehicle loans	4,233,485	5,009,317
	419,559,698	**413,728,256**
Less: Current maturities of long-term debt (refer Note (iii) below)	53,543,821	52,351,435
	366,015,877	**361,376,821**
Unsecured		
From a director * (refer Note 33(v))	2,500,000	-
From a body corporate in which a Director is interested (refer Note 33(v))	8,000,000	-
	10,500,000	**-**
	376,515,877	**361,376,821**

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

Notes:

(i) The Company had availed an Indian Rupee term loan from Tourism Finance Corporation of India Limited (TFCIL) for ₹500 million during December 2014 towards repayment of existing term loans availed from banks/financial institution and for renovation of Hotel Royal Orchid, Bangalore ('the hotel').
The loan is secured by exclusive first charge on all the fixed assets of the hotel and mortgage of leasehold rights of land alongwith the hotel building, both present and future. Further, the loan is secured by a first charge by way of hypothecation of all the movables pertaining to the hotel. Additionally, the loan is secured by a personal guarantee of Mr. Chander K. Baljee, Managing Director.
The term loan is repayable in 36 quarterly instalments commencing from 15 October 2015, which ranges from ₹12.5 million - ₹15.5 million and bear annual interest rate at TFCIL Base Rate (currently at 12.25%) plus 1.25% i.e. 13.50% (31 March 2016: TFCIL Base Rate 12.75% plus 1.25% i.e. 14%).

(ii) Vehicle loans are secured by hypothecation of the vehicles concerned and bear interest rate of 10% - 12% p.a. The aforesaid vehicle loans are repayable in monthly installments, commencing from July 2010 till November 2020.

(iii) The amount of term loans where instalments are due within one year have been classified as "current maturities of long-term debt" under other current liabilities. (refer Note 12)

(iv) Based on the terms revised during the year, the unsecured loans are repayable in April 2018 and bear an interest rate of 18% p.a.

Notes to financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
7. Deferred tax liability (Net)		
Deferred tax liabilities on		
Depreciation and amortization	-	34,662,748
	-	**34,662,748**
Deferred tax assets on		
Unabsorbed depreciation	-	34,662,748
	-	**34,662,748**
	-	**-**

The Company had a net deferred tax asset as at 31 March 2016 significantly arising from unabsorbed depreciation. The Company had recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act.

8. Other long-term liabilities		
Acceptances	-	-
Other than acceptances (refer Note 33(v))	36,752,118	-
Rent equalisation reserve	15,422,222	-
Others		
Interest accrued but not due on borrowings (refer Note 33(v))	3,412,965	-
Security deposits received (refer Note 33(v))	3,000,000	-
Payable towards investment in a subsidiary	25,000,000	-
	83,587,305	**-**

9. Long-term provisions		
Employee benefits		
Gratuity (refer Note 34(b))	11,890,655	9,873,055
Compensated absences (refer Note 34(c))	2,693,140	3,096,248
	14,583,795	**12,969,303**

10. Short-term borrowings		
Unsecured (refer Note below)		
From a director * (refer Note 33(v))	**-**	2,500,000
From a body corporate in which a Director is interested (refer Note 33(v))	**-**	8,000,000
	-	**10,500,000**

Note: The unsecured loans are repayable on demand and bear interest rate of 18% p.a.

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

Notes to financial statements *(continued)*

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
11.	**Trade payables**		
	Dues of micro enterprises and small enterprises	-	-
	Dues of creditors other than micro enterprises and small enterprises	171,149,689	165,725,450
		171,149,689	**165,725,450**
(i)	Includes payable to related parties (refer Note 33(v))	6,393,080	18,928,274

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

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
12.	**Other current liabilities**		
	Current maturities of long-term debt (refer Note 6)	53,543,821	52,351,435
	Interest accrued and not due on borrowings		
	to related parties (refer Note 33(v))	-	2,374,819
	to others	2,611,435	2,910,624
	Unclaimed dividends (refer Note below)	148,585	322,250
	Security deposit (refer Note 33(v))	-	3,000,000
	Statutory dues	15,910,004	25,240,611
	Rent equalisation reserve	3,575,000	21,794,444
	Dues to related parties (refer Note 33(v))	10,854,195	15,480,786
	Dues to other parties	10,913,233	13,341,611
	Advance received from customers	29,372,693	29,528,081
	Book overdraft	16,600,828	10,157,580
	Payables on purchase of fixed assets (including retention money payable)	4,020,618	2,578,408
	Others	5,982,638	6,569,128
		153,533,050	**185,649,777**

Note: The Company has transferred an amount of ₹173,665 (2016 : 380,472) to Investor Education and Protection Fund during the year.

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
13.	**Short-term provisions**		
	Employee benefits		
	Gratuity (refer Note 34(b))	1,656,496	857,331
	Compensated absences (refer Note 34(c))	960,546	1,110,503
		2,617,042	**1,967,834**

14. Tangible assets

Amount in ₹

Particulars	Land (Freehold)	Leasehold buildings (including improvements)	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computer equipments	Total
Gross Block								
Balance as at 31 March 2015	**2,430,000**	**329,553,439**	**198,033,475**	**202,193,600**	**28,877,795**	**17,061,006**	**22,564,566**	**800,713,881**
Additions	-	1,150,527	8,432,484	38,932,171	1,255,000	596,892	1,018,762	51,385,836
Disposals	-	-	5,797,490	31,035,083	88,872	-	-	36,921,445
Balance as at 01 April 2016	**2,430,000**	**330,703,966**	**200,668,469**	**210,090,688**	**30,043,923**	**17,657,898**	**23,583,328**	**815,178,272**
Additions	-	9,716,871	14,303,495	51,872,626	3,236,866	175,042	1,081,334	80,386,234
Disposals/Adjustments	-	1,257,031	608,876	-	2,327,272	32,717	33,206	4,259,102
Balance as at 31 March 2017	**2,430,000**	**339,163,806**	**214,363,088**	**261,963,314**	**30,953,517**	**17,800,223**	**24,631,456**	**891,305,404**
Accumulated depreciation								
Balance as at 31 March 2015	**-**	**116,740,010**	**108,522,320**	**191,093,255**	**18,986,591**	**15,033,971**	**21,375,032**	**471,751,179**
Charge for the year	-	11,179,405	16,067,571	9,104,833	1,843,678	784,828	995,438	39,975,753
Reversal on disposal	-	-	3,114,058	31,034,921	88,872	-	-	34,237,851
Balance as at 01 April 2016	**-**	**127,919,415**	**121,475,833**	**169,163,167**	**20,741,397**	**15,818,799**	**22,370,470**	**477,489,081**
Charge for the year	-	11,852,285	13,786,721	12,241,679	3,261,142	712,119	597,238	42,451,185
Reversal on disposal/adjustments	-	-	299,030	-	1,209,767	32,717	33,206	1,574,720
Balance as at 31 March 2017	**-**	**139,771,700**	**134,963,524**	**181,404,846**	**22,792,772**	**16,498,200**	**22,934,502**	**518,365,546**
Net block								
Balance as at 31 March 2016	**2,430,000**	**202,784,551**	**79,192,636**	**40,927,521**	**9,302,526**	**1,839,099**	**1,212,858**	**337,689,191**
Balance as at 31 March 2017	**2,430,000**	**199,392,105**	**79,399,565**	**80,558,468**	**8,160,745**	**1,302,023**	**1,696,954**	**372,939,858**

Notes:

1. Land (freehold) includes ₹2,430,000, representing the Company's share of undivided land jointly owned with its subsidiaries, Royal Orchid Jaipur Private Limited, Royal Orchid Maharashtra Private Limited and Royal Orchid South Private Limited and other entities.
2. Unless otherwise stated all assets are owned by the Company and none of the assets are given on lease.

Notes to financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
15. 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	279,497,212	279,497,212
(970,537 (31 March 2016 – 970,537) equity shares of ₹100 each)		
Royal Orchid Jaipur Private Limited	16,500,000	16,500,000
(1,650,000 (31 March 2016 – 1,650,000) equity shares of ₹10 each)		
AB Holdings Private Limited	2,500,000	2,500,000
(250,000 (31 March 2016 – 250,000) equity shares of ₹10 each)		
Maruti Comforts & Inn Private Limited	114,439,080	114,439,080
(407,636 (31 March 2016 – 407,636) equity shares of ₹100 each)		
Multi Hotels Limited	74,060,100	74,060,100
(30 (31 March 2016 – 30) equity shares of Tanzanian Shillings 1,000 each)		
Royal Orchid Maharashtra Private Limited	500,000	500,000
(5,000 (31 March 2016 – 5000) equity shares of ₹100 each)		
Amar Tara Hospitality Private Limited	291,600,000	266,600,000
(35,500,000 (31 March 2016 – 26,660,000) equity shares of ₹10 each)		
Cosmos Premises Private Limited	170,000,040	170,000,040
(202,381 (31 March 2016 – 202,381) equity shares of ₹10 each)		
Royal Orchid Hyderabad Private Limited	-	-
(17,60,200 (31 March 2016 – 17,60,200) equity shares of ₹10 each)		
Royal Orchid South Private Limited	-	-
(900,000 (31 March 2016 – 900,000) equity shares of ₹10 each)		
Royal Orchid Shimla Private Limited	-	-
(5,000 (31 March 2016 – 5,000) equity shares of ₹10 each)		
Royal Orchid Goa Private Limited	-	-
(5,000 (31 March 2016 – 5,000) equity shares of ₹10 each)		
Royal Orchid Mumbai Private Limited	-	-
(5,000 (31 March 2016 – 5,000) equity shares of ₹10 each)		
Investments in shares of jointly controlled entities		
Rajkamal Buildcon Private Limited	52,820,000	52,820,000
(5,000 (31 March 2016 – 5,000) equity shares of ₹10 each)		
Ksheer Sagar Buildcon Private Limited	52,820,000	52,820,000
(5,000 (31 March 2016 – 5,000) equity shares of ₹10 each)		
J H Builders Private Limited	52,820,000	52,820,000
(5,000 (31 March 2016 – 5,000) equity shares of ₹10 each)		
Ksheer Sagar Developers Private Limited	352,770,000	352,770,000
(30,000,000 (31 March 2016 – 30,000,000) equity shares of ₹10 each)		
Investments in debentures of subsidiaries		
Amar Tara Hospitality Private Limited	122,981,000	101,660,000
(12,298,100 (31 March 2016 – 10,166,000) 18%, Unsecured, Compulsorily Convertible Debentures of ₹10 each)		
Icon Hospitality Private Limited	30,149,000	-
(301,490 (31 March 2016 – Nil) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)		
Maruti Comforts & Inn Private Limited	10,665,000	10,665,000
(106,650 (31 March 2016 – 106,650) 18%, Unsecured, Compulsorily Convertible Debentures of ₹100 each)		

Notes to financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
15. Non-current investments (Valued at cost, unless stated otherwise)		
Non-current investments (Cont'd)		
Debenture application money pending allotment		
Amar Tara Hospitality Private Limited	3,642,603	17,802,282
Icon Hospitality Private Limited	-	20,149,333
Ksheer Sagar Developers Private Limited	53,683,532	43,378,339
Long-term, non-trade investments in government securities (unquoted)		
National savings certificate	225,000	225,000
	1,681,672,567	**1,629,206,386**
16. Deferred tax asset, net		
Deferred tax assets on		
Provision for compensated absences, gratuity and other employee benefits	7,927,031	-
Rent equalisation reserve	6,294,828	-
Provision for doubtful trade receivables	8,085,572	-
	22,307,431	**-**
Deferred tax liabilities on		
difference between book balance and tax balance of fixed assets	12,233,484	-
	12,233,484	**-**
	10,073,947	**-**
17. Long-term loans and advances		
(Unsecured, considered good)		
Security deposits for hotel properties [includes ₹70,000,000 (2016: ₹70,000,000) to related parties (refer Note 33(v))]	126,837,740	126,837,740
for others	64,405,735	64,173,735
	191,243,475	**191,011,475**
Dues from related parties (refer Note 33(v))	152,500,915	180,007,422
Dues from other parties	8,701,148	5,024,405
Advance tax, net of provision of ₹482,975,241 (2016: ₹462,104,187)	57,469,288	55,301,211
MAT credit entitlement	47,641,744	37,500,000
Balances with Government authorities (VAT and Service tax recoverable)	5,307,105	3,218,785
Capital advances	-	13,389,542
	271,620,200	**294,441,365**
	462,863,675	**485,452,840**
Unsecured, considered doubtful		
Security deposit for others	1,200,000	1,200,000
Project advances	3,584,777	3,584,777
	4,784,777	**4,784,777**
Less: Provision for doubtful advances/deposits	(4,784,777)	(4,784,777)
	-	-
	462,863,675	**485,452,840**

Notes to financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
18. Inventories		
(At lower of cost or net realisable value)		
Food and beverages	9,078,141	7,854,187
Stores and spares	2,689,002	3,797,922
	11,767,143	**11,652,109**
19. Trade receivables		
(Unsecured)		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	5,287,338	5,922,430
Unsecured, considered doubtful	19,670,268	17,251,979
	24,957,606	**23,174,409**
Other debts		
Unsecured, considered good	91,321,557	85,005,714
	91,321,557	**85,005,714**
	116,279,163	**108,180,123**
Less: Provision for doubtful trade receivables	(19,670,268)	(17,251,979)
	96,608,895	**90,928,144**
20. Cash and bank balances		
A. Cash and cash equivalents		
Balances with banks		
- in current accounts	55,380,734	29,518,354
- in deposit accounts (with maturity upto 3 months)	364,492	5,104,696
Cash on hand	1,001,996	1,905,621
	56,747,222	**36,528,671**
B. Other bank balances		
Balances with banks		
- in deposit accounts (with maturity more than 3 months but less than 12 months)	12,777,993	9,405,331
- in deposit accounts (with maturity more than 12 months)	-	49,800
- in deposit accounts earmarked for margin money for bank guarantee	2,713,243	4,290,764
- Unpaid dividend account	148,735	322,250
	15,639,971	**14,068,145**
Total Cash and bank balances (A+B)	**72,387,193**	**50,596,816**
21. Short-term loans and advances		
(Unsecured, considered good)		
Advances to suppliers	10,465,767	4,260,651
Interest accrued on bank deposits	190,144	573,160
Prepaid expenses	16,216,471	5,392,363
Advances to employees	4,245,216	3,173,355
Others	5,560,854	2,599,862
	36,678,452	**15,999,391**
22. Other current assets		
Interest accrued (refer Note 33 (v))	-	-
On Compulsorily Convertible Debentures	59,538,329	35,864,284
On Management Fess	2,627,112	1,235,039
Unbilled revenue	4,794,883	6,357,622
	66,960,324	**43,456,945**

Notes to financial statements *(continued)*

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
23. Revenue from operations		
From sale of services at hotels		
- Room nights	520,751,348	514,024,514
- Food and beverages	316,720,332	315,791,275
- Other services	31,228,912	30,876,048
From hotel management and consultancy services	44,355,984	17,841,106
	913,056,576	**878,532,943**
24. Other income		
Interest income		
- from bank deposits	2,588,738	4,548,543
- from income tax refund	2,456,487	-
- on management fee (refer Note 33(iv))	1,683,976	1,235,039
- on Compulsorily Convertible Debentures *(refer Note 33(iv))	30,367,836	16,538,782
Dividend (refer Note 33 (iv))	10,017,810	-
Liabilities no longer required, written back	28,718,849	15,715,452
Net gain on foreign currency transactions and translations	-	8,601,182
Miscellaneous	6,625,986	9,433,940
	82,459,682	**56,072,938**
* Net of reversal of interest income of earlier years amounting to ₹ Nil (Previous year: ₹99,54,339)		
25. Food and beverages consumed		
Opening stock	7,854,187	7,897,421
Add : Purchases during the year	119,060,135	120,372,943
	126,914,322	**128,270,364**
Less : Closing stock	9,078,141	7,854,187
	117,836,181	**120,416,177**

Note: The consumption above is net of ₹10,389,190 (31 March 2016 – ₹11,087,067) representing amounts utilised for internal consumption which has been classified under staff welfare.

26. Employee benefits expense		
Salaries and bonus	164,205,000	158,497,332
Contribution to provident fund (refer Note 34(a))	6,151,085	6,105,939
Gratuity (refer Note 34(b))	5,026,798	135,793
Staff welfare expenses	17,410,870	18,725,171
	192,793,753	**183,464,235**
27. Finance costs		
Interest expenses		
- on a term loan	56,599,206	56,933,916
- on unsecured loans (refer Note 33(iv))	1,884,836	3,615,260
- on vehicle loans	484,595	551,666
- on delayed payment of taxes	1,265,195	-
	60,233,832	**61,100,842**
28. Depreciation and amortisation		
Depreciation (refer Note 14)	42,451,185	39,975,753
	42,451,185	**39,975,753**

Notes to financial statements *(continued)*

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
29. Other expenses		
Guest transportation	10,855,843	9,438,909
Linen and room supplies	16,618,576	16,319,968
Catering and other kitchen supplies	8,097,223	8,241,925
Cablenet charges	3,541,021	5,766,909
Uniform washing and laundry	13,579,955	10,857,283
Music and entertainment	5,119,915	8,480,792
Banquet expenses	42,801,915	34,527,836
Power, fuel and water	99,661,776	95,926,171
Management fee	378,708	622,396
Garden, landscaping and decoration	3,459,383	3,994,452
Security charges	10,087,936	8,171,001
Communication	11,651,492	10,577,177
Printing and stationery	6,643,644	7,116,654
Subscription charges	2,743,699	2,148,459
Rent	96,546,223	103,070,530
Repairs and maintenance		
- Buildings	3,373,137	2,895,574
- Plant and equipment	13,430,855	16,062,614
- Others	10,403,612	7,580,733
Insurance	3,206,822	3,190,944
Commission and brokerage	15,042,910	13,986,713
Rates and taxes	21,986,485	19,514,089
Legal and professional	28,043,079	26,883,637
Travelling and conveyance	9,587,824	18,872,178
Advertisement and business promotion	12,505,905	11,593,785
Provision for doubtful trade receivables	2,418,289	3,565,982
Directors' sitting fees	2,120,000	1,323,000
Recruitment expenses	1,268,356	893,619
Royalty	2,972,697	2,479,917
Foreign exchange fluctuation loss (net) *	12,987,524	-
Bank charges	709,587	1,237,035
Loss on fixed assets sold/written off	1,832,398	2,668,594
Miscellaneous	9,074,263	10,002,027
	482,751,052	**468,010,903**

* Includes ₹11.44 million of loss relating to earlier years.

30 Earnings per share		
Weighted average number of shares outstanding	27,233,965	27,233,965
Net profit after tax attributable to equity shareholders in ₹	99,092,710	74,837,971
Basic and diluted earnings per share in ₹	3.64	2.75
Nominal value per equity share in ₹	10	10

31. Operating leases

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

The lease expense for cancellable and non-cancellable operating leases recognised during the year ended 31 March 2017 is ₹ 96,546,223 (31 March 2016: ₹103,070,530).

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

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Payments falling due:		
Within 1 year	47,023,034	50,981,814
Later than one year but not later than five years	65,583,333	100,273,034
Later than 5 years	4,166,667	16,500,000
Total	**116,773,034**	**167,754,848**

32. Commitments and contingencies

a) Litigations

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

ii) The Company has been named as a defendant in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff' or "Kamat Hotels") restraining the alleged use of the trademark of the Company and a relief of a permanent injuction restraining the Company from using the trademark 'Orchid'. The Company had filed an application seeking an interim injuction while the above proceedings are pending. The Bombay High Court vide its interim order dated April 05, 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated May 06, 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand. During the year ended 31 March 2014, the Company has obtained two favourable rulings from the Intellectual Property Appellate Board ('IPAB'). Kamat Hotels had preferred to appeal the ruling of IPAB in Madras High Court. The Madras High Court has passed orders cancelling the registration in Class 42 and the Company has filed a Special Leave Petition "SLP" in the Honorable Supreme Court in 2015. Reply to SLP was filed by Kamat Hotels in the form of Counter affidavit and the Company has filed a Rejoinder in the form of an affidavit.

The matter was partly heard by the Honorable Supreme Court in April and May of 2017 and has advised Kamat Hotels to consider the options for settlement by displaying the disclaimers on the Websites regarding the disassociation between the two brands. The matter is yet to be completely heard by the Honorable Supreme Court. The management believes that the case will be settled in its favour and will not affect its current and future operations.

iii) The Company received tax demand including interest, from the Indian tax authorities for payment of ₹ 42.62 million (March 31, 2016 ₹44.90 million), arising on denial of certain expenditure, upon completion of tax assessment for the fiscal years 2009 and 2011 (fiscal years 2009, 2011 and 2012 as on March 31, 2016). The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

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

Notes to financial statements *(continued)*

b) *Guarantees*
The Company has given guarantees to financial institutions, banks for loans sanctioned to subsidiaries and a jointly controlled entity amounting to ₹ 630,000,000 (31 March 2016: ₹1,650,000,000). (refer Note 33(v)).

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.

33. Related party transactions

i. *Parties where control exists*

Name of party	**Nature of relationship**
Icon Hospitality Private Limited	Subsidiary
Cosmos Premises Private Limited	Subsidiary
Maruti Comforts & Inn Private Limited	Subsidiary
Amar Tara Hospitality Private Limited	Subsidiary
Royal Orchid Hyderabad Private Limited	Subsidiary
Royal Orchid Jaipur Private Limited	Subsidiary
AB Holdings Private Limited	Subsidiary
Royal Orchid Associated Hotels Private Limited #	Subsidiary ***(subsidiary of AB Holdings Private Limited)***
Royal Orchid South Private Limited	Subsidiary
Royal Orchid Shimla Private Limited	Subsidiary
Royal Orchid Goa Private Limited	Subsidiary
Royal Orchid Mumbai Private Limited	Subsidiary
Royal Orchid Maharashtra Private Limited	Subsidiary
Multi Hotels Limited	Subsidiary
Ksheer Sagar Developers Private Limited	Jointly controlled entity
J.H. Builders Private Limited	Jointly controlled entity
Raj Kamal Buildcon Private Limited	Jointly controlled entity
Ksheer Sagar Buildcon Private Limited	Jointly controlled entity

Formerly Royal Orchid East Private Limited

ii. *Key Management Personnel (KMP)*

Mr. Chander K. Baljee	Managing Director

iii. Relatives of key management personnel

Mrs. Sunita Baljee	Director

iv. *Entities controlled by KMP*

Baljees Hotels and Real Estate Private Limited

Hotel Staylonger Private Limited

v. *Entities significantly influenced by KMP*

Presidency College of Hotel Management

33. Related parties (Cont'd)

iv. Transactions with related parties during the year

Amount in ₹

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel/Relative of Key Managerial Personnel		Entities controlled/significantly influenced by KMP	
	2017	2016	2017	2016	2017	2016	2017	2016
Management and technical fee income (excluding service tax)								
Ksheer Sagar Developers Private Limited	-	-	10,191,729	6,013,592	-	-	-	-
Dividend income								
Cosmos Premises Private Limited	10,017,810	-	-	-	-	-	-	-
Consultancy charges								
Royal Orchid Associated Hotels Private Limited	28,476,225	20,040,750	-	-	-	-	-	-
Cosmos Premises Private Limited	7,500,000	-	-	-	-	-	-	-
Excess interest recognised in the previous years on unsecured loan (considered as debenture application money in the previous years) now reversed								
Ksheer Sagar Developers Private Limited	-	-	-	9,954,339	-	-	-	-
Interest income on investments in Compulsorily Convertible Debentures								
Icon Hospitality Private Limited	6,199,852	6,612,014	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	1,919,700	1,840,675	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	22,248,284	18,040,432	-	-	-	-	-	-
Interest on management fee dues								
Ksheer Sagar Developers Private Limited	-	-	1,683,976	1,235,039	-	-	-	-
Interest expense on loans taken								
Cosmos Premises Private Limited	-	1,725,260	-	-	-	-	-	-
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	1,436,066	1,440,000
Mr. Chander K. Baljee	-	-	-	-	448,770	450,000	-	-
Loans & advance granted/(repayment received)								
Multi Hotels Limited (including gain/loss on foreign currency translation)	3,773,238	28,081,183	-	-	-	-	-	-
AB Holdings Private Limited	38,600	46,917	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	-	161,236	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	(7,670,437)	(14,445,183)	-	-	-	-	-	-

Notes to financial statements *(continued)*

33. Related parties (Cont'd)

iv. Transactions with related parties during the year

Amount in ₹

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel/Relative of Key Managerial Personnel		Entities controlled/significantly influenced by KMP	
	2017	2016	2017	2016	2017	2016	2017	2016
Repayment of loans taken								
Cosmos Premises Private Limited	-	4,666,140	-	-	-	-	-	-
Application Money paid towards Compulsorily Convertible Debentures								
Icon Hospitality Private Limited	22,500,000	20,149,222			-	-	-	-
Amar Tara Hospitality Private Limited	7,161,321	20,974,754			-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	2,305,193	43,377,900	-	-	-	-
Investment in Compulsorily Convertible Debentures on allotment								
Icon Hospitality Private Limited	30,149,000	9,746,500	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	-	3,165,000	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	21,321,000	23,660,000	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	73,115,000	-	-	-	-
Conversion of unsecured loans/debentures/ interest receivable thereon to equity share capital								
Icon Hospitality Private Limited	-	44,746,500	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	294,115,000	-	-	-	-
Refund Received of debenture application money pending allotment								
Icon Hospitality Private Limited	12,500,222	-	-	-	-	-	-	-
Investment in equity share capital								
Icon Hospitality Private Limited	-	1,862,300	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	-	5,835,000	-	-	-	-
Remuneration								
Mr. Chander K. Baljee	-	-	-	-	18,263,725	17,691,500	-	-
Directors Sitting Fees								
Sunita Baljee	-	-	-	-	270,000	200,000	-	-
Rental expense								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	24,000,000	24,000,000
Hotel Staylonger Private Limited	-	-	-	-	-	-	6,000,000	6,000,000

33. Related parties (Cont'd)

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

Amount in ₹

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel/Relative of Key Managerial Personnel		Entities controlled/significantly influenced by KMP	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Loans and advances receivable								
AB Holdings Private Limited	28,129,834	28,091,234	-	-	-	-	-	-
Multi Hotels Limited	65,910,091	74,857,611	-	-	-	-	-	-
Royal Orchid Maharashtra Private Limited	25,083,397	25,082,997	-	-	-	-	-	-
Royal Orchid Associated Hotels Private Limited	22,408,113	30,078,550	-	-	-	-	-	-
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	-	-	11,722,190	13,309,709	-	-	-	-
Royal Orchid Associated Hotels Private Limited	24,912,763	21,946,659	-	-	-	-	-	-
Loans payable								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	8,000,000	8,000,000
Mr. Chander K. Baljee	-	-	-	-	2,500,000	2,500,000	-	-
Current account balances receivable/(payable)								
Icon Hospitality Private Limited	1,766,839	11,992,644	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	(2,491,764)	1,222,979	-	-	-	-	-	-
Royal Orchid Jaipur Private Limited	4,060,053	2,864,494	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	(309,068)	450,037	-	-	-	-
Royal Orchid Mumbai Private Limited	64,256	64,256	-	-	-	-	-	-
Royal Orchid Goa Private Limited	43,911	37,511	-	-	-	-	-	-
Royal Orchid Hyderabad Private Limited	194,245	193,535	-	-	-	-	-	-
Royal Orchid Shimla Private Limited	43,119	42,719	-	-	-	-	-	-
Royal Orchid South Private Limited	633,562	556,292	-	-	-	-	-	-
Cosmos Premises Private Limited	(8,362,431)	15,480,786)	-	-	-	-	-	-
Interest accrued								
J.H. Builders Private Limited	-	-	368,323	368,323	-	-	-	-
Raj Kamal Buildcon Private Limited	-	-	353,051	353,051	-	-	-	-
Ksheer Sagar Buildcon Private Limited	-	-	352,705	352,705	-	-	-	-

Notes to financial statements *(continued)*

33. Related parties (Cont'd)

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

Amount in ₹

Nature of transaction	Subsidiary		Jointly Controlled Entities		Key Management Personnel/Relative of Key Managerial Personnel		Entities controlled/significantly influenced by KMP	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Interest receivable on Compulsorily Convertible Debentures (net of taxes deducted at source)								
Icon Hospitality Private Limited	8,867,864	6,945,004	-	-	-	-	-	-
Maruti Comforts & Inn Private Limited	3,594,051	1,866,321	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	42,041,247	22,017,791	-	-	-	-	-	-
Ksheer Sagar Developers Private Limited	-	-	5,035,167	5,035,167	-	-	-	-
Interest receivable on outstanding management fee								
Ksheer Sagar Developers Private Limited	-	-	2,627,112	1,235,039	-	-	-	-
Rent payable								
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	25,432,922	15,852,922
Hotel Staylonger Private Limited	-	-	-	-	-	-	11,319,196	6,976,824
Interest payable (net of tax deducted at source)								
Cosmos Premises Private Limited	-	340,707	-	-	-	-	-	-
Baljees Hotels and Real Estates Private Limited	-	-	-	-	-	-	1,697,563	1,063,310
Mr. Chander K. Baljee	-	-	-	-	1,715,402	1,311,509	-	-
Dues to a director (remuneration payable)								
Mr. Chander K. Baljee	-	-	-	-	6,393,080	3,901,472	-	-
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 received								
Presidency College of Hotel Management	-	-	-	-	-	-	3,000,000	3,000,000
Personal guarantee taken outstanding								
Mr. Chander K. Baljee	-	-	-	-	500,000,000	500,000,000	-	-
Corporate guarantee issued outstanding								
Ksheer Sagar Developers Private Limited	-	-	450,000,000	700,000,000	-	-	-	-
Icon Hospitality Private Limited	180,000,000	-	-	-	-	-	-	-
Amar Tara Hospitality Private Limited	-	950,000,000	-	-	-	-	-	-

34 Employee benefit plans

a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 6,151,085 (Year ended 31 March 2016: ₹ 6,105,939) for Provident Fund contributions, and ₹ 2,037,239 (Year ended 31 March 2016: ₹2,001,373) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

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

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	10,730,386	13,213,789
Service cost	2,268,919	2,325,298
Interest cost	857,820	1,032,873
Actuarial (gain)/ loss	1,900,059	(3,222,378)
Benefits paid	(2,210,033)	(2,619,196)
Liability recognised in the Balance Sheet	**13,547,151**	**10,730,386**
Components of net gratuity costs are		
Service cost	2,268,919	2,325,298
Interest cost	857,820	1,032,873
Recognised net actuarial gain	1,900,059	(3,222,378)
Expense recognised in the Statement of Profit and Loss	**5,026,798**	**135,793**
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	13,547,151	10,730,386
Funded status of the plans	-	-
Liability recognised in the Balance Sheet	**13,547,151**	**10,730,386**
Current Liability	1,656,496	857,331
Non-Current Liability	11,890,655	9,873,055
Assumptions used for acturial valuation		
Discount rate	7.45%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Mortality rates *(IAL: Indian Assured Lives Mortality (2006-08) modified Ult.)*	100% of IAL	100% of IAL

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

Experience adjustments:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Defined Benefit Obligation	13,547,151	10,730,386	13,213,789	12,854,103	11,902,878
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	13,547,151	10,730,386	13,213,789	12,854,103	11,902,878
Experience adjustments on liabilities: gain/(loss)	(1,109,986)	2,974,862	4,766,395	808,278	1,338,610
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

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

Notes to financial statements *(continued)*

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
35	**Earnings in foreign currency**		
	Income from operations	104,458,404	93,439,635
36	**Expenditure in foreign currency**		
	Commission	2,738,196	4,586,981
	License and subscription	437,398	1,256,133
	Others	-	3,346,491

		Year ended 31 March 2017		Year ended 31 March 2016	
		Amount (₹)	%	Amount (₹)	%
37.	**Imported and indigenous food and beverages consumed**				
	Imported	-	-	-	-
	Indigenous	117,836,181	100%	120,416,177	100%
		117,836,181	**100%**	**120,416,177**	**100%**

The consumption above is net of ₹10,389,190 (31 March 2016 – ₹11,087,067) representing amounts utilised for internal consumption which has been classified under staff welfare.

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
38	**Value of imports on CIF basis**		
	Capital goods	161,952	2,738,639
39	**Payments to the statutory auditors (net of service tax input credit) included in legal and professional expense (refer Note 29)**		
	For audit *	3,500,000	3,500,000
	Reimbursement of expenses	60,557	24,500
		3,560,557	**3,524,500**

*Payment to statutory auditors for year ended 31 March 2016 includes ₹ 2,50,000 paid to erstwhile auditors.

40. Investment in jointly controlled entities

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

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

Amount in ₹

Nature of transaction	Raj Kamal Buildcon Private Limited		Ksheer Sagar Developers Private Limited		Ksheer Sagar Buildcon Private Limited		J.H. Builders Private Limited	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Equity interest	50%	50%	50%	50%	50%	50%	50%	50%
Non current assets	48,475,159	49,015,114	376,997,873	381,652,266	48,475,159	49,015,114	48,475,103	49,015,058
Current assets	5,403	5,518	27,462,520	20,551,672	5,453	5,568	5,403	5,518
Non current liabilities	-	-	207,958,291	199,630,613	-	-	-	-
Current liabilities	2,225,347	2,219,597	151,246,657	146,347,166	2,223,849	2,218,099	2,273,202	2,267,452
Revenue	-	-	115,150,406	99,121,741	-	-	-	-
Expenses	20,123	17,227	125,359,469	143,424,008	20,123	17,177	20,123	17,227

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

Sl. No.	Particulars	ROHL Employee Stock Option Scheme, 2014 (the ESOP Scheme 2014)
a)	Date of Shareholders' approval	29 September 2014
b)	Total number of Options approved under the Plan	Options equivalent to 13,61,698 Ordinary Shares of ₹10 each
c)	Vesting Schedule	The vesting period for conversion of Options is as follows: - 1/3rd vests on completion of 12 months from the date of grant of the Options. - 1/3rd vests on completion of 24 months from the date of grant of the Options. - 1/3rd vests on completion of 36 months from the date of grant of the Options.
d)	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is at such price, as determined by the Board of Directors ('the Board'), which is no lower than closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the date of grant and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price or the 'Market Price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Guidelines/Regulations.
e)	Maximum term of Options granted	Five years from the date of vesting.
f)	Source of Shares	Primary
g)	Variation in terms of Options	None
h)	Method used for accounting of share-based payment plans	The employee benefit expense pertaining to share-based payments has been calculated using the intrinsic value method of accounting for Options issued under the Company's ESOP scheme 2014. The employee benefit expense as per the intrinsic value method for the financial year 2016-17 is Nil.
i)	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price per Option: ₹80.71 Weighted average fair value per Option: ₹42.74

j) **Details of Employee Stock Options granted during the year, but not vested as on 31 March 2017:**

Date of grant	Number	Financial year of vesting	Exercise price in ₹	Fair value at grant date in ₹
30.05.2016	383,250	2017-18, 2018-19 and 2019-20	80.85	123.66
04.02.2017	75,750	2017-18, 2018-19 and 2019-20	80.00	122.36

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

k) **Summary of status of Options**

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of Options	Weighted Average Exercise Prices in ₹	No. of Options	Weighted Average Exercise Prices in ₹
Outstanding at the beginning of the year	-	-	-	-
Add: Granted during the year	459,000	80.71	-	-
Add: Vested during the year				
Less: Lapsed during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Outstanding at the end of the year	459,000	80.71	-	-
Options exercisable at the end of the year	-	-	-	-

Weighted average remaining contractual life for options outstanding as at 31 March, 2017 is 6.28 years (As at 31 March, 2016 Nil).

l) **The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹	₹
Net Profit after Tax	99,092,710	74,837,971
Add / (Less): Stock based employee compensation (intrinsic value)	-	NA
Less: stock based compensation expenses determined under fair value	5,806,211	NA
Net Profit (proforma)	93,286,499	74,837,971
Basic earnings per share (as reported)	3.64	2.75
Basic earnings per share (proforma)	3.43	NA
Diluted earnings per share (as reported)	3.64	2.75
Diluted earnings per share (proforma)	3.42	NA

m) **The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:**

Assumptions	31 March 2017	31 March 2016
Risk Free Interest Rate	7.00%	NA
Expected Life	5 years	NA
Expected Annual Volatility of Shares	50.82%	NA
Expected Dividend Yield	Nil	NA

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

Notes to financial statements *(continued)*

42. Segment information

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

43. On 30 June 2014, the Company terminated the 'Hotel Operations Agreement' with Samhi Hotels Private Limited ('Samhi') in lieu of termination fee, of which ₹13,200,000 was payable by Samhi to the Company on completion of certain contractual obligations. The Company recorded the fees of ₹13,200,000 on receipt during June 2015, on completion of the required contractual obligations.

44. a) There are no forward exchange contracts which have been entered into by the Company as at 31 March 2017 and as at 31 March 2016.

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

Particulars	Currency	As at 31 March 2017	As at 31 March 2016
Loans & Advances Receivable	US Dollar	997,530	937,530
	INR	65,910,091	74,857,611

45. Disclosure as per Amendment to Schedule III to the Companies Act, 2013

Pursuant to notification G.S.R 308(E) dated March 30, 2017, issued by Ministry of Corporate affairs, the details of Specified Bank Notes (SBN's) and Other Denomination Notes held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	**997,000**	**1,291,815**	**2,288,815**
Add: Permitted receipts	-	8,450,096	8,450,096
Less: Permitted payments	-	4,336,454	4,336,454
Less: Amount deposited in banks	997,000	3,829,779	4,826,779
Closing cash in hand as on 30.12.2016	**-**	**1,575,678**	**1,575,678**
The term Specified Bank Notes shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic affairs number S.O. 3047(E), dated the November 8, 2016.			

46. Comparatives

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

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Independent Auditors' Report

To the Members of Royal Orchid Hotels Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ROYAL ORCHID HOTELS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of eleven subsidiaries and four jointly controlled entities, whose financial statements reflect total assets of ₹ 1,511,349,191 as at March 31, 2017, total revenues of ₹ 300,761,666 and net cash inflows amounting to ₹ 9,536,100 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities and our report in terms of subsection (3) of Section 143 of the Act, in so far as it

Independent Auditors' Report *(continued)*

relates to the aforesaid subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities.

   ii. The Group and its jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.

   iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on the audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the management of respective group entities.

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

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

Place : Bengaluru
Date : May 29, 2017

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **ROYAL ORCHID HOTELS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, its jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, and its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

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

Place : Bengaluru
Date : May 29, 2017

Consolidated Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and Liabilities			
Shareholders' funds			
Share capital	**3**	272,339,650	272,339,650
Reserves and surplus	**4**	1,363,514,317	1,325,811,270
		1,635,853,967	**1,598,150,920**
Minority Interest		279,832,221	365,522,179
Non-current liabilities			
Long-term borrowings	**5**	759,988,731	594,790,656
Deferred tax liability (net)	**6**	1,160,947	7,968,141
Other long-term liabilities	**7**	106,339,955	20,331,090
Long-term provisions	**8**	28,615,822	24,195,495
		896,105,455	**647,285,382**
Current liabilities			
Short-term borrowings	**9**	69,936,922	102,494,691
Trade payables	**10**		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		307,576,013	299,422,530
Other current liabilities	**11**	325,685,310	399,037,177
Short-term provisions	**12**	13,257,601	11,763,702
		716,455,846	**812,718,100**
Total		**3,528,247,489**	**3,423,676,581**
Assets			
Non-current assets			
Fixed assets	**13**		
Tangible assets		2,158,032,664	2,203,255,983
Intangible assets		87,679	486,022
Capital work-in-progress		217,037,734	219,842,857
Goodwill (on consolidation)	**42**	177,399,014	177,472,146
Non-current investments	**14**	225,000	225,000
Deferred tax assets (net)	**15**	11,813,164	1,987,772
Long-term loans and advances	**16**	467,063,540	454,671,142
		3,031,658,795	**3,057,940,922**
Current assets			
Inventories	**17**	20,736,457	21,528,303
Trade receivables	**18**	166,929,684	152,370,821
Cash and bank balances	**19**	230,639,834	136,484,629
Short-term loans and advances	**20**	55,209,653	36,264,917
Other current assets	**21**	23,073,066	19,086,989
		496,588,694	**365,735,659**
Total		**3,528,247,489**	**3,423,676,581**

See accompanying notes to Consolidated Financial Statements.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 29 May 2017

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

Chander K Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Statement of Consolidated Profit and Loss for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	**22**	1,625,335,501	1,585,315,562
Other income	**23**	70,603,631	43,602,578
Total revenue		**1,695,939,132**	**1,628,918,140**
Expenses			
Food and beverages consumed	**24**	202,326,293	207,462,485
Employee benefits expense	**25**	386,584,241	367,700,700
Finance costs	**26**	121,553,420	149,208,409
Depreciation and amortisation	**27**	131,098,694	138,981,492
Other expenses	**28**	832,428,865	806,767,348
Total expenses		**1,673,991,513**	**1,670,120,434**
Profit/(Loss) before exceptional item, tax and minority interest		21,947,619	(41,202,294)
Exceptional item	**39**	-	13,200,000
Profit/(Loss) before tax and minority interest		**21,947,619**	**(28,002,294)**
Tax expense			
Current tax	**29**	36,125,679	29,574,446
Prior year taxes		704,288	6,068,686
Deferred tax credit		(16,632,585)	(10,671,365)
Minimum alternative tax credit		(12,387,870)	(16,543,885)
		7,809,512	**8,427,882**
Net Profit/(Loss) before minority interest		**14,138,107**	**(36,430,176)**
Minority interest		(10,513,870)	(23,421,552)
Profit/(Loss) for the year		**24,651,977**	**(13,008,624)**
Earnings per equity share of ₹10 each	**30**		
Basic/Diluted		0.91	(0.48)

See accompanying notes to Consolidated Financial Statements.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 29 May 2017

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

Chander K Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Consolidated Cash Flow Statement for the year ended 31 March 2017

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A.	**Cash flow from operating activities**		
	Net profit before tax	**21,947,619**	**(28,002,294)**
	Adjustments for:		
	Depreciation and amortisation	131,098,694	138,981,492
	Interest income	(10,893,752)	(8,359,556)
	Interest expense, net	121,553,420	149,208,409
	Loss/(gain) on sale of fixed assets (net)	887,576	2,668,594
	Liability no longer required, written back	(37,042,356)	(20,688,096)
	Provision for doubtful trade receivables	7,814,777	4,604,264
	Operating profit before working capital changes	**235,365,978**	**238,412,813**
	Changes in working capital:		
	Increase in liabilities, payables and provisions	116,195,236	54,484,609
	Increase in trade receivables and other current assets	(28,968,873)	(11,564,668)
	(Increase)/decrease in inventories	314,802	(1,355,656)
	Increase in loans and advances	(31,937,725)	(1,456,009)
	Cash generated from operations	**290,969,418**	**278,521,089**
	Direct taxes paid (net)	39,196,967	45,514,060
	Net cash generated from operating activities	**251,772,451**	**233,007,029**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets (including changes in capital work-in-progress and capital advances, net of project creditors and retention money payable)	(74,510,859)	(81,178,692)
	Sale of fixed assets	1,759,952	15,000
	Interest received	5,361,722	6,973,976
	Changes in other bank balances	(16,579,451)	2,106,814
	Net cash generated from investing activities	**(83,968,636)**	**(72,082,902)**
C.	**Cash flows from financing activities**		
	Interest paid, net of capitalised interest	(119,607,614)	(133,951,708)
	Proceeds from borrowings	472,630,519	50,919,167
	Repayment of borrowings	(386,986,426)	(74,820,163)
	Movement in unsecured borrowings from related party	3,244,727	(5,772,103)
	Interim dividend paid	(27,233,965)	-
	Dividend distribution tax on interim dividend	(6,799,141)	-
	Change in unclaimed dividend	(173,665)	(380,472)
	Change in bank overdraft, net	(25,302,496)	427,325
	Net cash used in financing activities	**(90,228,061)**	**(163,577,954)**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**77,575,754**	**(2,653,827)**
	Cash and cash equivalents at the beginning of the year	**115,703,440**	**118,357,267**
	Cash and cash equivalents at the end of the year (refer note 19)	**193,279,194**	**115,703,440**

See accompanying notes to Consolidated Financial Statements.

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

Monisha Parikh
Partner

Place : Bengaluru
Date : 29 May 2017

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

Chander K Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

Notes to Consolidated financial statements

1 (a) Background

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

(b) Operational outlook

'The current liabilities of the Group exceed its current assets by ₹ 21,98,67,152 as at 31 March 2017. In view of the group's plans for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, disposing off certain investments etc., the management is confident of further improving and maintaining sustainable operating cash flows and accordingly the Financial Statements are prepared and presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

2 Summary of significant accounting policies

(a) Basis of preparation

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

(b) Use of estimates

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

(c) Principles of consolidation

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

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

	Country of incorporation	Percentage of shareholding/ voting power	
		31 March 2017	31 March 2016
Subsidiaries			
Icon Hospitality Private Limited	India	51.07%	51.07%
Maruti Comforts & Inn Private Limited	India	65.22%	65.22%
Royal Orchid Hyderabad Private Limited	India	100.00%	100.00%
AB Holdings Private Limited	India	100.00%	100.00%
Royal Orchid Jaipur Private Limited	India	100.00%	100.00%
Royal Orchid South Private Limited	India	100.00%	100.00%
Royal Orchid Associated Hotels Private Limited* (subsidiary of AB Holdings Private Limited)	India	100.00%	100.00%
Multi Hotels Limited	Tanzania	100.00%	100.00%
Royal Orchid Shimla Private Limited	India	100.00%	100.00%
Royal Orchid Goa Private Limited	India	100.00%	100.00%
Royal Orchid Maharashtra Private Limited	India	100.00%	100.00%
Amar Tara Hospitality Private Limited	India	100.00%	75.10%
Royal Orchid Mumbai Private Limited	India	100.00%	100.00%
Cosmos Premises Private Limited#	India	50.00%	50.00%

Notes to Consolidated financial statements *(continued)*

	Country of incorporation	Percentage of shareholding/ voting power	
		31 March 2017	31 March 2016
Jointly controlled entities			
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 composition of Board of Directors of Cosmos Premises Private Limited is controlled by the Holding Company.

(c) Principles of consolidation (Cont'd)

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

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

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

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

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

(d) Revenue recognition

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

Income from services

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

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

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

Interest

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

(e) Fixed assets

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

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

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

(f) Depreciation and amortisation

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

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

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

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of respective assets. All other borrowing cost are expensed in the period they occur.

(h) Goodwill

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

(i) Impairment of assets

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

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

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

Notes to Consolidated financial statements *(continued)*

(j) Investments

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

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

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

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

(k) Inventory

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

(l) Foreign currency transactions / translations

Transactions in foreign currencies entered into by the group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
Foreign currency monetary items (other than derivative contracts) of the group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the group are carried at historical cost.

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

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

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

(m) Lease

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

Finance leases

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

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

Operating leases

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

(n) Employee benefits

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

Defined Contribution plans

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

Defined benefit plans

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

Short-term and long-term employee benefits

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

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

(o) Tax expense

Current tax

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

Minimum Alternate Tax

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

Deferred tax

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

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

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

(p) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year 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

Notes to Consolidated financial statements *(continued)*

element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

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

(q) Provisions and contingent liabilities

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

(r) Cash and cash equivalents

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

(s) Cash flow statement

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

(t) Operating cycle

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

Notes to Consolidated financial statements *(continued)*

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
3 Share capital				
Authorised share capital				
Equity shares of ₹10 each	50,000,000	500,000,000	50,000,000	500,000,000
	50,000,000	**500,000,000**	**50,000,000**	**500,000,000**
Issued, subscribed and fully paid-up				
Equity shares of ₹10 each	27,233,965	272,339,650	27,233,965	272,339,650
	27,233,965	**272,339,650**	**27,233,965**	**272,339,650**

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

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

Equity shares of ₹10 each	Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares
Mr. Chander K. Baljee	12,001,060	44.07%	12,014,560	44.12%
Baljees Hotels and Real Estates Private Limited	5,714,689	20.98%	5,714,689	20.98%
	17,715,749	**65.05%**	**17,729,249**	**65.10%**

c) Terms and rights attached to equity shares

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

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

The Holding Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2017. Further, the Company has not issued any shares without payment being received in cash.

e) Shares reserved for issue under Options granted under the Company's Employee Stock Option Scheme, 2014 (refer note 34)

Particulars	As at 31 March 2017 Number	As at 31 March 2016 Number
Ordinary Shares of ₹ 10 each	1,361,698	1,361,698

Notes to Consolidated financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
4 Reserves and surplus		
Capital reserve		
Balance at the beginning of the year	44,270,913	46,794,798
Add/(Less): Movement during the year on account of additional investment and translation at the year end	36,238,387	(2,523,885)
	80,509,300	**44,270,913**
Foreign exchange earnings reserve	**1,750,000**	**1,750,000**
Securities premium account	**1,130,684,095**	**1,130,684,095**
General reserve	**102,383,740**	**102,383,740**
Currency translation reserve		
Balance at the beginning of the year	6,240,630	19,254,522
Effect of foreign exchange rate variations during the year	11,630,292	(13,013,892)
	17,870,922	**6,240,630**
Surplus/(Deficit) in the Statement of Consolidated Profit and Loss		
Balance at the beginning of the year	40,481,892	53,490,516
Add: Profit/(Loss) for the year	24,651,977	(13,008,624)
Less: Interim dividend at ₹1 per share	(27,233,965)	-
Less: Dividend distribution tax on interim dividend	(7,583,644)	-
	30,316,260	**40,481,892**
	1,363,514,317	**1,325,811,270**

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
5 Long - term borrowings		
Secured		
Indian rupee term loans		
From banks (refer note (A(i) and A(iv))	4,755,358	113,614,436
From financial institutions (refer note (B(i) and B(ii))	595,326,213	408,718,939
	600,081,571	**522,333,375**
Less: Current maturities of long-term debt (refer note (D))	57,057,840	126,042,719
	543,023,731	**396,290,656**
Share of Joint Ventures[refer note A(ii), A(iii) , A(iv) and B(iii) below and Note 37] (net of current maturities of long term debt ₹ 9,000,000 (31 March 2016 ₹ 9,000,000) - refer note (D))	206,465,000	198,500,000
	749,488,731	**594,790,656**
Unsecured (refer note (C))		
From a director (refer note 31(v))	2,500,000	-
From a body corporate in which a Director is interested (refer note 31(v))	8,000,000	-
	10,500,000	**-**
	759,988,731	**594,790,656**

5 Long-term borrowings (Contd.)

Notes:

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

(i) During the year ended 31 March 2008, Icon Hospitality Private Limited ("Icon"), a subsidiary availed a term loan facility of ₹ 450 million from State Bank of Hyderabad and State Bank of Travancore [herein referred as SBH Consortium] for acquisition of the hotel premises. The loan is repayable in 32 quarterly instalments ending in September 2015 and bears interest rates ranging between 15.70% and 16.75%. The loan is secured by way of pari passu charge in favour of SBH Consortium equitable mortgage of the hotel property and a first charge on all movable fixed assets of Icon, both present and future. Additionally, these borrowing are secured by the personal guarantees of a Director and one of the Directors of the Holding Company. The balance outstanding as at 31 March 2017 is ₹ Nil (31 March 2016: ₹ 107.76 million).

(ii) During the year ended 31 March 2010, Ksheer Sagar Developers Private Limited ("KSDPL"), a jointly controlled company availed a term loan of ₹ 700 million from IDBI Bank Limited. The term loan is secured by way of first mortgage/charge on all movable and immovable assets of KSDPL, a corporate guarantee of the Holding Company (Joint Venturer) and the personal guarantee of Mr. Jagdish Prasad Tambi (Director of KSDPL). The loan is repayable in 84 monthly instalments ending on March 2019 and bears interest rate of 14.75%. The balance outstanding as at 31 March 2017 is ₹ Nil (31 March 2016: ₹ 191 million).

(iii) During the year ended 31 March 2016, KSDPL has been sanctioned loan facility from IDBI Bank Limited for ₹ 50 million bearing an interest rate of 14% p.a. on floating basis. The same is secured by hypothecation of stocks, receivables and other current assets of KSDPL, both present and future. Further secured by way of extension of equitable mortgage on first pari passu charge along with Tourism Finance Corporation of India Limited (TFCIL) on commercial land and building of the holding company. In addition, the overdraft is secured by second charge on hypothecation of the balances in escrow account. The overdraft is further secured by personal guarantee of Mr. Chander K. Baljee, Managing Director of the holding company. The principal balance outstanding as at 31 March 2017 is ₹ Nil (31 March 2016: ₹ 16.5 million).

(iv) Term loans from banks also include vehicle loans taken by the Holding Company and one of its subsidiary and a jointly controlled entity which are secured by the hypothecation of the vehicles concerned and bear interest rate of 10-12% p.a. These vehicle loans are repayable in monthly installments, commencing from July 2010 till November 2020. The outstanding balance of such vehicle loans as at 31 March 2017 is ₹ 4.75 million (31 March 2016: ₹ 5.92 million).

B) Details of terms of repayment, guarantee and security for term loans from financial institution

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

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

The term loan is repayable in 36 quarterly instalments commencing from 15 October 2015, which ranges from ₹ 12.5 million - ₹ 15.5 million and bear annual interest rate at TFCIL Base Rate (currently at 12.25%) plus 1.25% i.e. 13.50% (31 March 2016: TFCIL Base Rate 12.75% plus 1.25% i.e. 14%).

The term loan balance outstanding as at 31 March 2017 is ₹ 415.33 million (31 March 2016: ₹ 408.72 million).

(ii) Icon Hospitality Private Limited ("Icon"), a subsidiary company has availed an Indian rupee term loan ('the loan') from SREI Infrastructure Finance Limited (SREI) for ₹ 180 million during the year towards replacing the existing debt, working capital and capital expenditure requirements of Royal Orchid Central, Bangalore ('the hotel').

The loan is secured by way of mortgage of the hotel property and exclusive charge by way of hypothecation of all movable assets, current assets, loans and advances, long term and short term investments of the Icon, both present and future. Further, the loan is secured by way of exclusive charge by way of pledge of 100% of fully paid-up equity shares of the Icon. Additionally, the loan is secured by Corporate Guarantee of the Holding Company and the personal guarantees of Mr. P. Dayanand Pai (Director) and Mr. Chander K. Baljee (Director of the Holding Company).

The loan is repayable in 108 equal monthly instalments of ₹ 1.67 million post moratorium of 12 months from the initial disbursement date and bear an annual interest rate of 14% i.e. SREI Benchmark Rate +/- 3.75% (spread).

The term loan balance outstanding as at 31 March 2017 is ₹ 180 million (31 March 2016: ₹ Nil).

Notes to Consolidated financial statements *(continued)*

(iii) KSDPL has availed an Indian rupee term loan ('the loan') from Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO) for ₹ 450 million during the year for swapping of term loan of ₹ 400 million and overdraft limit of ₹ 50 million extended by IDBI Bank for setting up of Royal Orchid Hotel, Jaipur ('the hotel').

The loan is secured by exclusive first charge on the entire existing fixed assets acquired and fixed assets to be acquired for the hotel project. Additionally, the loan is secured by Corporate Guarantee of Royal Orchid Hotels Limited (' the Joint Venturer') and the personal guarantees of Mr. Jagdish Prasad Tambi (Director) and Mr. Chander K. Baljee (Director of the Joint Venturer).

The loan is repayable in 31 quarterly instalments ranging from ₹ 4.5 million - ₹ 22 million commencing from May 2016 and bear an interest rate of 13.25% p.a. on quarterly compounding basis for first three years and thereafter at prevailing lending rate subject to satisfactory repayment for first three years.

The share of joint venturer in term loan balance outstanding as at 31 March 2017 is ₹ 215.46 million (31 March 2016: ₹ Nil).

C) Based on the terms revised during the year the unsecured loans are repayable in April 2018 and bear an interest rate of 18% p.a.

D) The amount of term loans where instalments are due within one year have been classified as "current maturities of long term debt" under other current liabilities. (refer note 11)

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
6	**Deferred tax liability (net)**		
	Deferred tax liabilities on		
	Depreciation and amortisation	20,416,477	57,611,964
		20,416,477	**57,611,964**
	Deferred tax assets on		
	Unabsorbed depreciation	16,523,068	47,162,772
	Provision for employee benefits	656,855	917,503
	Provision for doubtful trade receivables	2,034,278	1,235,190
	Provision for rent straightlining	41,329	328,358
		19,255,530	**49,643,823**
		1,160,947	**7,968,141**

Note:

Certain entities of the Group have a net deferred tax asset significantly arising from unabsorbed depreciation. The group has recognized deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act.

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
7	**Other long term liabilities**		
	Acceptances	-	-
	Other than acceptances (refer note 31(v))	36,752,118	-
	Rent equalisation reserve	33,924,872	16,081,090
	Security deposits [includes ₹3,000,000 (2016 : Nil) from related parties (refer note 31(v))]	7,250,000	4,250,000
	Interest accrued but not due on borrowings (refer note 31(v))	3,412,965	-
	Payable towards investment in a subsidiary	25,000,000	-
		106,339,955	**20,331,090**
8	**Long-term provisions**		
	Provision for employee benefits		
	Gratuity (refer note 33(b))	20,073,036	16,902,676
	Compensated absences (refer note 33(c))	7,049,495	6,162,206
		27,122,531	**23,064,882**
	Share of Joint Ventures [refer note 37]	1,493,291	1,130,613
		28,615,822	**24,195,495**

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
9	**Short-term borrowings**		
	Secured		
	Bank overdraft (refer note (i) below)	-	25,302,496
	From a body corporate in which a Director is interested (refer note (ii) below) (refer note 31 (v))	50,000,000	50,000,000
		50,000,000	**75,302,496**
	Unsecured		
	From a director [includes ₹ Nil (2016 : 2,500,000) from related parties (refer note 31(v)]	2,563,818	5,063,818
	From a body corporate in which the Managing Director is interested (refer note 31(v))	-	8,000,000
	From other body corporate	5,685,216	5,685,216
		8,249,034	**18,749,034**
	Share of Joint Ventures [refer note 37]	11,687,888	8,443,161
		69,936,922	**102,494,691**

Notes:

(i) Icon Hospitality Private Limited ('Icon'), a subsidiary was sanctioned overdraft facility from State Bank of Hyderabad bearing an interest rate of 15% on a floating basis and is secured by hypothecation of current assets of Icon which include stocks, receivables etc. In addition, there is extension of charge on the fixed assets of the hotel property including equitable mortgage of land and hotel building of Icon. Further, the key management personnel and directors Mr. Chander K. Baljee, Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantee as security to the bank.

(ii) Secured by way of first charge on the fixed assets and current assets of Amartara Hospitality Private Limited, a subsidiary Company, both present and future. This loan bears interest rate of 18% p.a.

(iii) Unsecured loan from a Director and from a body corporate in which the Director is interested is payable on demand and carries an interest rate ranging from 14% to 18% per annum.

(iv) Other unsecured loans are interest free and repayable on demand.

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
10	**Trade payables**		
	Dues of micro enterprises and small enterprises	-	-
	Dues of creditors other than micro enterprises and small enterprises	292,957,017	284,610,886
		292,957,017	**284,610,886**
	Share of Joint Ventures [refer note 37]	14,618,996	14,811,644
		307,576,013	**299,422,530**
	(i) Includes payable to related parties (refer note 31(v))	6,393,080	26,731,218

(ii) There are no outstanding dues in respect of Micro and Small enterprises at the Balance Sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the respective companies . This has been relied upon by the auditors.

Notes to Consolidated financial statements *(continued)*

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
11 Other current liabilities		
Current maturities of long-term debt (refer note 5)	57,057,840	126,042,719
Interest accrued and due on borrowings		
- related parties (refer note 31(v))	15,947,260	10,222,079
- others	-	5,447,886
Interest accrued but not due on borrowings	2,611,435	2,569,916
Interest accrued on Compulsorily Convertible Debentures	3,469,962	5,950,677
Unclaimed dividends (refer note below)	148,585	322,250
Statutory remittances	41,985,212	62,392,299
Advance received from customers	63,305,021	46,759,533
Book overdraft	23,404,747	15,952,443
Payables on purchase of fixed assets (including retention money payable)	16,845,429	8,724,497
Other liabilities	40,934,617	44,803,302
	265,710,108	**329,187,601**
Share of Joint Ventures [refer note 37]	59,975,202	69,849,576
	325,685,310	**399,037,177**

Note:

The Holding Company has transferred an amount of ₹ 173,665 (2016 : ₹ 380,472) to Investor Education and Protection Fund during the year.

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
12 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 33 (b))	2,203,213	2,015,759
Compensated absences (refer note 33 (c))	2,541,452	2,411,233
Provision for taxation, net of advance taxes	8,272,597	7,161,941
	13,017,262	**11,588,933**
Share of Joint Ventures [refer note 37]	240,339	174,769
	13,257,601	**11,763,702**

13 Fixed Assets

a. Tangible Assets

(Amount in ₹)

Particulars	Gross block								
	As at 31 March 2015	Additions	Disposals/ adjustments	Foreign currency translation reserve adjustments	As at 31 March 2016	Additions	Disposals/ adjustments	Foreign currency translation reserve adjustments	As at 31 March 2017
Land (Freehold) (refer note (i) below)	767,925,137	-	-	17,876,991	750,048,146	-	-	4,994,031	745,054,115
Buildings	346,726,337	1,220,958	-	-	347,947,295	1,836,020	-	-	349,783,315
Buildings (including improvements) constructed on leashold land	467,189,839	1,277,262	9,534,256	-	458,932,845	9,778,871	1,257,031	-	467,454,685
Plant and equipment	684,074,195	12,391,827	12,000,188	-	684,465,834	17,609,407	608,876	-	701,466,365
Furniture and fixtures	371,869,421	39,491,429	33,109,409	-	378,251,441	53,460,051	-	-	431,711,492
Vehicles	60,492,060	1,255,000	4,590,909	-	57,156,151	4,107,616	3,314,139	-	57,949,628
Office equipment	90,431,821	975,007	500,722	-	90,906,106	328,494	32,717	-	91,201,883
Computer equipment	40,671,176	1,611,575	1,439,082	-	40,843,669	2,069,363	33,206	-	42,879,826
Total	**2,829,379,986**	**58,223,058**	**61,174,566**	**17,876,991**	**2,808,551,487**	**89,189,822**	**5,245,969**	**4,994,031**	**2,887,501,309**
Share of Joint Ventures [refer note 37]	653,966,886	130,362	-	-	654,097,248	3,928,770	-	-	658,026,018
Grand total	**3,483,346,872**	**58,353,420**	**61,174,566**	**17,876,991**	**3,462,648,735**	**93,118,592**	**5,245,969**	**4,994,031**	**3,545,527,327**

Particulars	Accumulated depreciation							Net block	
	As at 31 March 2015	Charge for the year (refer note 27)	Eliminated on disposal/ adjustments	As at 31 March 2016	Charge for the year (refer note 27)	Eliminated on disposal/ adjustments	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017
Land (Freehold) (refer note (i) below)	-	-	-	-	-	-	-	750,048,146	745,054,115
Buildings	93,690,402	11,361,352	-	105,051,754	11,445,480	-	116,497,234	242,895,541	233,286,081
Buildings (including improvements) constructed on leashold land	182,896,953	14,206,633	10,833,627	186,269,959	14,934,074	-	201,204,033	272,662,886	266,250,652
Plant and equipment	302,422,212	51,658,038	1,331,608	352,748,642	49,336,484	335,883	401,749,243	331,717,192	299,717,122
Furniture and fixtures	327,177,779	25,248,175	35,656,207	316,769,747	22,638,854	-	339,408,601	61,481,694	92,302,891
Vehicles	39,758,784	7,421,821	4,545,766	42,634,839	5,851,828	2,196,634	46,290,033	14,521,312	11,659,595
Office equipment	87,924,083	1,035,461	671,716	88,287,828	952,416	32,717	89,207,527	2,618,278	1,994,356
Computer equipment	42,872,719	1,431,423	5,452,042	38,852,100	1,145,313	33,206	39,964,207	1,991,569	2,915,619
Total	**1,076,742,932**	**112,362,903**	**58,490,966**	**1,130,614,869**	**106,304,449**	**2,598,440**	**1,234,320,878**	**1,677,936,618**	**1,653,180,431**
Share of Joint Ventures [refer note 37]	102,524,164	26,253,719	-	128,777,883	24,395,902	-	153,173,785	525,319,365	504,852,233
Grand total	**1,179,267,096**	**138,616,622**	**58,490,966**	**1,259,392,752**	**130,700,351**	**2,598,440**	**1,387,494,663**	**2,203,255,983**	**2,158,032,664**

Note:

(i) Land (freehold) includes ₹ 30,562,014 (31 March 2016 : ₹ 30,562,014) , representing the Group's share of undivided land jointly owned by the Holding Company with its subsidiaries viz., Royal Orchid Jaipur Private Limited, Royal Orchid Maharashtra Private Limited and Royal Orchid South Private Limited and other entities.

Notes to Consolidated financial statements *(continued)*

13 Fixed assets (cont'd)

b. Intangible assets

(Amount in ₹)

Particulars	Gross block								
	As at 31 March 2015	Additions	Disposals/ adjustments	Foreign currency translation reserve adjustments	As at 31 March 2016	Additions	Disposals/ adjustments	Foreign currency translation reserve adjustments	As at 31 March 2017
Computer softwares	2,690,405	-	-	-	2,690,405	-	-	-	2,690,405
Total	**2,690,405**	**-**	**-**	**-**	**2,690,405**	**-**	**-**	**-**	**2,690,405**
Share of joint venture	754,761	-	-	-	754,761	-	-	-	754,761
Grand total	**3,445,166**	**-**	**-**	**-**	**3,445,166**	**-**	**-**	**-**	**3,445,166**

Particulars	Accumulated depreciation							Net block	
	As at 31 March 2015	Charge for the year (refer note 27)	Eliminated on disposal/ adjustments	As at 31 March 2016	Charge for the year (refer note 27)	Eliminated on disposal/ adjustments	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017
Computer softwares	2,097,067	364,870	-	2,461,937	140,789	-	2,602,726	228,468	87,679
Total	**2,097,067**	**364,870**	**-**	**2,461,937**	**140,789**	**-**	**2,602,726**	**228,468**	**87,679**
Share of joint venture	497,207	-	-	497,207	257,554	-	754,761	257,554	-
Grand total	**2,594,274**	**364,870**	**-**	**2,959,144**	**398,343**	**-**	**3,357,487**	**486,022**	**87,679**

c. Capital work-in-progress

	As at 31 March 2017	As at 31 March 2016
	₹	₹
Capital work-in-progress	**217,037,734**	219,791,717
Share of Joint Ventures [refer note 37]	**-**	51,140
	217,037,734	219,842,857

Notes to Consolidated financial statements *(continued)*

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
14	**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**
15	**Deferred tax asset (net)**		
	Deferred tax assets on		
	Provision for employee benefits	9,776,986	1,987,772
	Provision for doubtful trade receivables	8,085,572	-
	Rent equalisation reserve	6,294,828	-
		24,157,386	**1,987,772**
	Deferred tax liabilities on		
	Depreciation and amortisation	12,344,222	-
		12,344,222	**-**
		11,813,164	**1,987,772**
16	**Long-term loans and advances**		
	(Unsecured, considered good)		
	Security deposits (₹ 70 million (31 March 2016: ₹ 70 million) from related parties) (refer note 31 (v))	246,541,908	251,202,650
	Prepaid expenses	31,376,599	26,176,695
	Advance tax, net of provision	93,434,039	89,117,341
	Balances with Government authorities (VAT and Service tax recoverable)	5,307,105	3,218,785
	MAT credit entitlement	52,456,938	40,172,953
	Capital Advances	6,387,031	13,880,031
	Others	28,766,570	27,804,817
		464,270,190	**451,573,272**
	Unsecured, considered doubtful		
	Security deposit	1,200,000	1,200,000
	Capital Advances	3,584,777	3,584,777
		4,784,777	**4,784,777**
	Less: Provision for doubtful advances/deposits	(4,784,777)	(4,784,777)
		-	-
	Share of Joint Ventures [refer note 37]	2,793,350	3,097,870
		467,063,540	**454,671,142**

Notes to Consolidated financial statements *(continued)*

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
17	**Inventories**		
	(At lower of cost or net realisable value)		
	Food and beverages	14,813,323	14,426,541
	Stores and spares	4,836,871	5,233,012
		19,650,194	**19,659,553**
	Share of Joint Ventures [refer note 37]	1,086,263	1,868,750
		20,736,457	**21,528,303**
18	**Trade receivables**		
	(Unsecured)		
	Outstanding for a period exceeding six months from the due date		
	Unsecured, considered doubtful (includes share of Joint Ventures ₹ 1,869,684 (31 March 2016 ₹ 2,100,743))	40,859,117	33,275,399
	Other debts		
	Unsecured, considered good	153,927,515	143,190,204
	Share of Joint Ventures [refer note 37]	13,002,169	9,180,617
		207,788,801	**185,646,220**
	Less: Provision for doubtful trade receivables	38,989,433	31,174,656
	Share of Joint Ventures [refer note 37]	1,869,684	2,100,743
		40,859,117	**33,275,399**
		166,929,684	**152,370,821**
19	**Cash and bank balances**		
	Cash and cash equivalents		
	Balances with banks		
	- in current accounts	98,864,586	60,981,792
	- in deposit accounts (with maturity upto 3 months)	81,128,256	45,918,840
	Cash on hand	2,215,520	3,813,624
		182,208,362	**110,714,256**
	Share of Joint Ventures [refer note 37]	11,070,832	4,989,184
		193,279,194	**115,703,440**
	Other bank balances		
	Balances with banks		
	- in deposit accounts (with original maturity more than 3 months but less than 12 months)	20,993,957	16,168,175
	- in deposit accounts (with original maturity more than 12 months)	1,463,000	1,943,441
	- Unpaid dividend account	148,735	322,250
		22,605,692	**18,433,866**
	Share of Joint Ventures [refer note 37]	14,754,948	2,347,323
		37,360,640	**20,781,189**
		230,639,834	**136,484,629**

Notes to Consolidated financial statements *(continued)*

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
20	**Short-term loans and advances**		
	(Unsecured, considered good)		
	Advances to suppliers	11,150,875	5,234,365
	Interest accrued on deposits	3,288,223	573,160
	Prepaid expenses	21,393,774	15,754,511
	Advances to employees	5,127,221	3,483,539
	Dues from others	4,623,425	-
	Others	7,404,756	9,841,882
		52,988,274	**34,887,457**
	Share of Joint Ventures [refer note 37]	2,221,379	1,377,460
		55,209,653	**36,264,917**
21	**Other current assets**		
	(Unsecured)		
	Considered good		
	Unbilled revenue	17,734,101	14,727,782
	Interest accrued on Compulsorily Convertible Debentures (refer note 31(v))	2,517,585	2,517,585
	Interest accrued on management fees (refer note 31(v))	1,313,556	617,520
	Interest accrued and due on deposits	1,025,792	721,813
	Other receivables	114,525	117,376
		22,705,559	**18,702,076**
	Considered doubtful		
	Other receivables	185,218	185,218
	Less: Provision for other receivables	185,218	185,218
		-	-
	Share of Joint Ventures [refer note 37]	367,507	384,913
		23,073,066	**19,086,989**

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
22	**Revenue from operations**		
	From sale of services at hotels		
	- Room nights	875,287,550	848,413,999
	- Food and beverages	517,873,424	528,060,884
	- Other services	48,729,473	49,683,612
	From hotel management and consultancy services	76,940,783	60,889,028
		1,518,831,230	**1,487,047,523**
	Share of Joint Ventures [refer note 37]	106,504,271	98,268,039
		1,625,335,501	**1,585,315,562**
23	**Other income**		
	Interest income		
	- on deposits with banks	6,032,050	7,256,471
	- on management fee [refer note 31(iv)]	841,988	617,520
	- on income tax refund	2,797,872	-
	Profit on sale of assets, net	365,000	-
	Provision no longer required written back	30,292,487	20,688,096
	Gain on foreign currency transactions and translations (net)	-	8,601,182
	Miscellaneous	21,628,099	5,585,607
		61,957,496	**42,748,876**
	Share of Joint Ventures [refer note 37]	8,646,135	853,702
		70,603,631	**43,602,578**

Notes to Consolidated financial statements *(continued)*

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
24	**Food and beverages consumed**		
	Opening stock	14,426,541	13,999,841
	Add : Purchases during the year	190,421,100	196,263,942
		204,847,641	**210,263,783**
	Less : Closing stock	14,813,323	14,426,541
		190,034,318	**195,837,242**
	Share of Joint Ventures [refer note 37]	12,291,975	11,625,243
		202,326,293	**207,462,485**
25	**Employee benefits expense**		
	Salaries and wages	318,979,283	299,880,827
	Contribution to provident fund (refer note 33(a))	10,662,566	12,818,210
	Gratuity (refer note 33(b))	6,286,755	4,455,043
	Staff welfare expenses	30,577,214	31,545,859
		366,505,818	**348,699,939**
	Share of Joint Ventures [refer note 37]	20,078,423	19,000,761
		386,584,241	**367,700,700**
26	**Finance costs**		
	Interest expenses		
	- on term loans from banks	18,531,779	25,407,785
	- on term loan from a financial institution	56,599,206	57,088,501
	- on loans from related parties (refer note 31(iv))	10,884,836	10,890,000
	- on bank overdraft	2,845,457	3,583,777
	- on compulsory convertible debentures	-	4,380,366
	- on others	2,618,530	1,314,305
		91,479,808	**102,664,734**
	Share of Joint Ventures [refer note 37]	30,073,612	46,543,675
		121,553,420	**149,208,409**
27	**Depreciation and amortisation**		
	Depreciation [refer note 13(a)]	106,304,449	112,362,903
	Amortisation [refer note 13(b)]	140,789	364,870
		106,445,238	**112,727,773**
	Share of Joint Ventures [refer note 37]	24,653,456	26,253,719
		131,098,694	**138,981,492**
28	**Other expenses**		
	Guest transportation	14,455,219	12,587,259
	Linen and room supplies	28,488,170	26,409,427
	Catering and other kitchen supplies	13,040,765	14,198,731
	Cablenet charges	4,008,524	6,429,116
	Uniform washing and laundry	19,708,964	16,837,732
	Music and entertainment	8,112,364	11,963,114
	Banquet expenses	65,982,983	63,701,029
	Power, fuel and water	147,957,642	143,662,050
	Garden, landscaping and decoration	4,376,237	3,994,452
	Security charges	16,564,695	13,649,523
	Communication and stationery	30,425,520	28,426,502
	Subscription charges	5,169,999	4,874,957
	Foreign exchange fluctuation loss (net)*	12,987,524	-

Notes to Consolidated financial statements *(continued)*

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
28	**Other expenses (Cont'd)**		
	Rent	145,910,467	151,534,911
	Repairs and maintenance		
	- Buildings	15,857,965	9,796,342
	- Plant and equipment	16,240,649	23,640,782
	- Others	19,529,852	13,724,697
	Insurance	5,870,391	4,667,199
	Commission, brokerage and discount	28,326,856	24,981,676
	Rates and taxes	47,261,652	35,487,492
	Legal and professional	49,452,018	59,639,145
	Travelling and conveyance	21,293,192	32,613,653
	Advertisement and business promotion	18,057,685	23,042,445
	Provision for doubtful trade receivables	7,814,777	4,604,264
	Directors' sitting fees	2,381,800	1,436,840
	Royalty	2,972,697	2,479,917
	Management fee	7,827,228	2,694,363
	Loss on sale of fixed assets	1,252,576	2,668,594
	Bank charges	8,275,553	1,817,779
	Miscellaneous	29,418,314	26,672,256
		799,022,278	**768,236,247**
	Share of Joint Ventures [refer note 37]	33,406,587	38,531,101
		832,428,865	**806,767,348**
	* Includes ₹ 11.44 million of loss relating to earlier years		
29	**Current tax**		
	Current tax	35,889,726	29,574,446
	Share of Joint Ventures [refer note 37]	235,953	-
		36,125,679	**29,574,446**
30	**Earnings per share**		
	Weighted average number of shares outstanding	27,233,965	27,233,965
	Net profit after tax attributable to equity shareholders in ₹	24,651,977	(13,008,624)
	Basic and diluted earnings per share in ₹	0.91	(0.48)
	Nominal value per equity share in ₹	10	10

31 Related parties

i *Key Management Personnel (KMP)*
Mr. Chander K. Baljee

ii(a) *Relatives of KMP*
Mrs. Sunita Baljee
Mr. Keshav Baljee

ii(b) *Entities controlled by KMP*
Baljees Hotels and Real Estate Private Limited
Hotel Staylonger Private Limited

ii(c) *Entities significantly influenced by KMP*
Presidency College of Hotel Management

iii *Joint Controlled Entity*
Ksheer Sagar Developers Private Limited

Notes to Consolidated financial statements *(continued)*

31 Related parties (Cont'd)

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

(Amounts in ₹)

Nature of transaction	Jointly Controlled Entity		Key Management Personnel		Relatives of KMP		Entities controlled/significantly influenced by KMP	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Management and technical fee income								
Ksheer Sagar Developers Private Limited	5,095,865	3,006,796	-	-	-	-	-	-
Interest on management fee dues								
Ksheer Sagar Developers Private Limited	841,988	617,520	-	-	-	-	-	-
Interest expense on loans taken								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	10,436,066	10,440,000
Mr. Chander K. Baljee	-	-	448,770	450,000	-	-	-	-
Remuneration								
Mr. Chander K. Baljee	-	-	18,263,725	17,691,500	-	-	-	-
Directors sitting fees								
Mrs. Sunita Baljee	-	-	-	-	270,000	200,000	-	-
Rental expense								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	24,000,000	24,000,000
Hotel Staylonger Private Limited	-	-	-	-	-	-	6,000,000	6,000,000

31 Related parties

v. Balances payable to / receivable from related parties are summarised below:

(Amounts in ₹)

Nature of transaction	Jointly Controlled Entity		Key Management Personnel		Relatives of KMP		Entities controlled/significantly influenced by KMP	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Technical and management fees receivable								
Ksheer Sagar Developers Private Limited	5,861,095	6,654,854	-	-	-	-	-	-
Interest receivable on management fee dues								
Ksheer Sagar Developers Private Limited	1,313,556	617,520	-	-	-	-	-	-
Loan payable								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	58,000,000	58,000,000
Mr. Chander K. Baljee	-	-	2,500,000	2,500,000	-	-	-	-
Interest payable on loans availed								
Baljees Hotels and Real Estate Private Limited	-	-	-	-	-	-	17,644,823	10,222,079
Mr. Chander K. Baljee	-	-	1,715,402	1,311,509	-	-	-	-
Interest receivable on investments in Compulsorily Convertible Debentures								
Ksheer Sagar Developers Private Limited	2,517,585	2,517,585	-	-	-	-	-	-
Dues to a director (remuneration)								
Mr. Chander K. Baljee	-	-	6,393,080	3,901,472	-	-	-	-
Rent payable								
Baljees Hotel and Real Estates Private Limited	-	-	-	-	-	-	25,432,922	15,852,922
Hotel Staylonger Private Limited	-	-	-	-	-	-	11,319,196	6,976,824

Notes to Consolidated financial statements *(continued)*

31 Related parties

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

(Amounts in ₹)

Nature of transaction	Jointly Controlled Entity		Key Management Personnel		Relatives of KMP		Entities controlled/significantly influenced by KMP	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
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
Personal guarantee taken outstanding								
Mr. Chander K. Baljee	-	-	905,000,000	1,000,000,000	-	-	-	-
Mr. Keshav Baljee	-	-	-	-	-	350,000,000	-	-
Corporate guarantee issued outstanding								
Ksheer Sagar Developers Private Limited	225,000,000	350,000,000	-	-	-	-	-	-

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

Sl No	Name of the entity	Net Assets as at 31 March 2017		Net Assets as at 31 March 2016		Share in Profit/(Loss) for year ended 31 March 2017		Share in Profit/(Loss) for year ended 31 March 2016	
		As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit/(loss)	Amount	As a % of consolidated profit/(loss)	Amount
Parent									
1	Royal Orchid Hotels Limited	5.81%	95,085,512	6.19%	98,938,361	69.08%	17,028,862	(357.04%)	46,445,378
Indian subsidiaries									
1	Amartara Hospitality Private Limited	25.32%	414,251,438	26.27%	419,797,778	(42.12%)	(10,382,967)	87.42%	(11,371,828)
2	Icon Hospitality Private Limited	25.76%	421,356,301	28.63%	457,501,204	(105.34%)	(25,968,612)	225.35%	(29,314,333)
3	Cosmos Premises Private Limited	17.54%	286,899,965	17.72%	283,173,553	160.29%	39,515,230	(119.61%)	15,559,119
4	Maruti Comforts & Inn Private Limited	10.39%	170,006,511	11.07%	176,926,894	129.52%	31,928,869	(96.00%)	12,488,357
5	Royal Orchid Associated Hotels Private Limited	1.85%	30,279,674	1.03%	16,426,907	(82.47%)	(20,329,811)	161.85%	(21,054,794)
6	Royal Orchid Jaipur Private Limited	1.82%	29,766,583	2.43%	38,859,255	(28.67%)	(7,068,382)	(13.11%)	1,705,797
7	Royal Orchid Maharashtra Private Limited	1.42%	23,261,152	1.46%	23,290,203	(0.12%)	(29,450)	0.13%	(17,475)
8	Royal Orchid Hyderabad Private Limited	0.92%	14,989,995	0.94%	15,018,746	(0.12%)	(29,460)	1.97%	(255,720)
9	AB Holdings Private Limited	0.06%	922,130	0.06%	951,181	(0.27%)	(67,650)	4.50%	(585,616)
10	Royal Orchid Goa Private Limited	0.03%	451,314	0.03%	483,765	(0.16%)	(38,850)	0.20%	(26,378)
11	Royal Orchid Shimla Private Limited	0.03%	453,734	0.03%	482,785	(0.12%)	(29,450)	0.24%	(30,977)
12	Royal Orchid Mumbai Private Limited	(0.00%)	(45,925)	0.03%	482,827	(2.14%)	(528,750)	0.13%	(17,175)
13	Royal Orchid South Private Limited	(0.02%)	(304,856)	(0.01%)	(188,505)	(0.79%)	(193,620)	2.08%	(270,493)
Foreign subsidiary									
1	Multi Hotels Limited	10.39%	170,006,172	10.84%	173,207,407	(16.54%)	(4,078,250)	52.67%	(6,851,665)
	Minority interest in all subsidiaries	(17.11%)	(279,832,221)	(22.87%)	(365,522,179)	42.65%	10,513,870	(180.05%)	23,421,552
Jointly controlled entities - Indian									
1	Raj Kamal Buildcon Private Limited	2.99%	48,863,267	3.14%	50,125,762	(2.21%)	(545,820)	4.17%	(542,925)
2	Ksheer Sagar Developers Private Limited	6.83%	111,702,154	6.75%	107,946,639	(16.03%)	(3,952,144)	316.74%	(41,203,650)
3	JH Builders Private Limited	2.99%	48,879,353	3.14%	50,125,037	(2.21%)	(545,820)	4.17%	(542,925)
4	Ksheer Sagar Buildcon Private Limited	2.99%	48,861,714	3.14%	50,123,300	(2.21%)	(545,818)	4.17%	(542,873)
Total		**100.00%**	**1,635,853,967**	**100.00%**	**1,598,150,920**	**100.00%**	**24,651,977**	**100.00%**	**(13,008,624)**

Notes to Consolidated financial statements *(continued)*

33 Employee benefit plans

a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 11,639,181 (Year ended 31 March 2016: ₹ 13,773,147) for Provident Fund contributions, and ₹ 3,879,840 (Year ended 31 March 2016: ₹ 3,707,951) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

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

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	19,608,630	18,152,826
Service cost	4,889,280	4,773,517
Interest cost	1,567,571	2,275,378
Actuarial (gain)/ loss	53,336	(2,440,313)
Benefits paid	(2,979,942)	(3,152,778)
Liability recognised in the Balance Sheet	**23,138,875**	**19,608,630**
Components of net gratuity costs are		
Service cost	4,889,280	4,773,517
Interest cost	1,567,571	2,275,378
Recognised net actuarial gain	53,336	(2,440,313)
Expense recognised in the Statement of Profit and Loss (includes share of Joint venture ₹ 223,432 (₹ 153,539 for year ended March 31, 2016))	**6,510,187**	**4,608,582**
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	23,138,875	19,608,630
Funded status of the plans	-	-
Liability recognised in the Balance Sheet	**23,138,875**	**19,608,630**
Current	2,203,213	2,015,759
Non-Current	20,073,036	16,902,676
Share of Joint Ventures [refer note 37]	862,626	690,195
Assumptions used for Gratuity and Compensated absences		
Discount rate	7.45%	7.80%
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Mortality rates *(IAL: Indian Assured Lives Mortality (2006-08) modified Ult.)*	100% of IAL	100% of IAL

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

Experience adjustments:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Defined Benefit Obligation	23,138,875	19,608,629	18,152,827	17,109,276	17,178,355
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	23,138,875	19,608,629	18,152,827	17,109,276	17,178,355
Experience adjustments on liabilities: gain/(loss)	1,471,510	2,008,676	6,397,986	2,418,633	2,317,596
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

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

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

Sl. No.	Particulars	ROHL Employee Stock Option Scheme, 2014 ('the ESOP Scheme 2014)
a)	Date of Shareholders' approval	29 September 2014
b)	Total number of Options approved under the Plan	Options equivalent to 13,61,698 Ordinary Shares of ₹ 10 each.
c)	Vesting Schedule	The vesting period for conversion of Options is as follows: - 1/3rd vests on completion of 12 months from the date of grant of the Options. - 1/3rd vests on completion of 24 months from the date of grant of the Options. - 1/3rd vests on completion of 36 months from the date of grant of the Options.
d)	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is at such price, as determined by the Board of Directors ('the Board'), which is no lower than closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the date of grant and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price or the 'Market Price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Guidelines/Regulations.
e)	Maximum term of Options granted	Five years from the date of vesting.
f)	Source of Shares	Primary
g)	Variation in terms of Options	None
h)	Method used for accounting of share-based payment plans	The employee benefit expense pertaining to share-based payments has been calculated using the intrinsic value method of accounting for Options issued under the Company's ESOP scheme 2014. The employee benefit expense as per the intrinsic value method for the financial year 2016-17 is Nil.
i)	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price per Option: ₹ 80.71 Weighted average fair value per Option: ₹42.74

Notes to Consolidated financial statements *(continued)*

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

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

Date of grant	Number	Financial year of vesting	Exercise price in ₹	Fair value at grant date in ₹
30.05.2016	383,250	2017-18, 2018-19 and 2019-20	80.85	123.66
04.02.2017	75,750	2017-18, 2018-19 and 2019-20	80.00	122.36

k) **Summary of status of Options**

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of Options	Weighted Average Exercise Prices in ₹	No. of Options	Weighted Average Exercise Prices in ₹
Outstanding at the beginning of the year	-	-	-	-
Add: Granted during the year	459,000	80.71	-	-
Add: Vested during the year				
Less: Lapsed during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Outstanding at the end of the year	459,000	80.71	-	-
Options exercisable at the end of the year	-	-	-	-

Weighted average remaining contractual life for options outstanding as at 31 March, 2017 is 6.28 years (As at 31 March, 2016 Nil).

l) **The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹	₹
Net Profit/(Loss) after Tax	24,651,977	(13,008,624)
Add / (Less): Stock based employee compensation (intrinsic value)	-	NA
Less: stock based compensation expenses determined under fair value	5,806,211	NA
Net Profit (proforma)	18,845,766	(13,008,624)
Basic earnings per share (as reported)	0.91	(0.48)
Basic earnings per share (proforma)	0.69	NA
Diluted earnings per share (as reported)	0.91	(0.48)
Diluted earnings per share (proforma)	0.69	NA

m) **The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:**

Assumptions	31 March 2017	31 March 2016
Risk Free Interest Rate	7.00%	NA
Expected Life	5 years	NA
Expected Annual Volatility of Shares	50.82%	NA
Expected Dividend Yield	Nil	NA

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

35 Operating leases

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

The lease expense for cancellable and non-cancellable operating leases recognised during the year ended 31 March 2017 is ₹ 145,910,467 (31 March 2016: ₹ 151,534,911)

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 2017 ₹	Year ended 31 March 2016 ₹
Within one year	53,691,535	80,810,059
Later than one year but not later than five years	93,184,097	127,674,938
Later than 5 years	193,939,794	212,622,227
	340,815,426	**421,107,224**

36 Commitments and contingencies

a) *Litigations*

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

(ii) The Company has been named as a defendant in a suit filed in mid 2008 by Kamat Hotels (India) Limited ('the plaintiff' or "Kamat Hotels") restraining the alleged use of the trademark of the Company and a relief of a permanent injuction restraining the Company from using the trademark 'Orchid'. The Company had filed an application seeking an interim injuction while the above proceedings are pending. The Bombay High Court vide its interim order dated April 05, 2011, has allowed the Company to continue to operate its current hotels as on that date but has restrained the Company from opening new hotels under the said brand. However, the Division bench of the Bombay High Court vide its order dated May 06, 2011 has partially stayed operation of the said Order and allowed opening of one of Company's proposed hotels in Vadodara under the 'Royal Orchid' brand. During the year ended 31 March 2014, the Company has obtained two favourable rulings from the Intellectual Property Appellate Board ('IPAB'). Kamat Hotels had preferred to appeal the ruling of IPAB in Madras High Court. The Madras High Court has passed orders cancelling the registration in Class 42 and the Company has filed a Special Leave Petition "SLP" in the Honorable Supreme Court in 2015. Reply to SLP was filed by Kamat Hotels in the form of Counter affidavit and the Company has filed a Rejoinder in the form of an affidavit.

The matter was partly heard by the Honorable Supreme Court in April and May of 2017 and has advised Kamat Hotels to consider the options for settlement by displaying the disclaimers on the Websites regarding the disassociation between the two brands. The matter is yet to be completely heard by the Honorable Supreme Court.

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

(iii) The Company received tax demand including interest, from the Indian tax authorities for payment of ₹ 42.62 million (March 31, 2016 ₹ 44.90 million), arising on denial of certain expenditure, upon completion of tax assessment for the fiscal years 2009 and 2011 (fiscal years 2009, 2011 and 2012 as on March 31, 2016). The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

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

Notes to Consolidated financial statements *(continued)*

(iv) During the year 2013-14, a Subsidiary Company had received order from Office of the Commissioner of Customs (Export) imposing differential duties and penalties amounting to ₹ 32,336,410 plus applicable interests for certain alleged violations of the Export Promotion Capital Goods Scheme. The Subsidiary Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai and an unconditional stay in the matter is granted till the disposal of the appeal. The management believes that the case will be settled in its favour. Accordingly, these consolidated financial statements do not include adjustments, if any, on the above account.

b) *Guarantees*

The Holding Company has given guarantees to banks and financial institutions for loans sanctioned a jointly controlled entity amounting to ₹ 225,000,000 (31 March 2016: ₹ 350,000,000) (refer Note 31(v)).

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.

		As at 31 March 2017 ₹	As at 31 March 2016 ₹
d)	*Commitments*		
	(i) Claims against the group not acknowledged as debts		
	Bonus for the year 2014-15	886,079	886,079
	Others	4,080,941	4,080,941
	(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	54,226,735	51,940,041

37 Interest in joint ventures

The Holding Company has interests in the following Jointly Controlled Entities:

Name of the joint venture and country of incorporation	% of interest	Amount of Interest based on financial statements for the year ended March 31,2017	
		Contingent liabilities	Capital commitments
Ksheer Sagar Developers Private Limited, India (audited)	50%	-	-
J H Builders Private Limited, India (audited)	50%	-	-
Raj Kamal Buildcon Private Limited, India (audited)	50%	-	-
Ksheer Sagar Buildcon Private Limited, India (audited)	50%	-	-

Note : The Holding Company is not liable for the liabilities of the other venturers of the above joint ventures.

38 Segment information

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

Geographical segment of the Group and its jointly controlled entities are Tanzania and India. The carrying value of segment assets outside India is ₹180,244,718 (31 March 2016 : ₹ 183,654,979) and all other assets of the Group and its jointly controlled entities are situated in India. Additions to Capital work in progress during the year outside India is ₹ 6,099,958 (for year ended 31 March 2016 : ₹ 37,865,766)

39 On 30 June 2014, the Company terminated the 'Hotel Operations Agreement' with Samhi Hotels Private Limited ('Samhi') in lieu of termination fee, of which ₹ 13,200,000 was payable by Samhi to the Company on completion of certain contractual obligations. The Company recorded the fees of ₹ 13,200,000 on receipt during June 2015 on completion of the required contractual obligations.

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

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
For audit		
- to auditors of the Company *	3,500,000	3,500,000
- to auditors of the subsidiaries and joint ventures	2,434,520	2,451,380
Reimbursement of expenses	60,557	24,500
	5,995,077	**5,975,880**

* Payment to statutory auditors for year ended 31 March 2016 includes ₹ 2,50,000 paid to erstwhile auditors.

41 Disclosure as per Amendment to Schedule III to the Companies Act, 2013

Pursuant to notification G.S.R 308(E) dated March 30, 2017, issued by Ministry of Corporate affairs, the details of Specified Bank Notes (SBN's) and Other Denomination Notes held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	3,658,000	1,547,310	5,205,310
Add: Permitted receipts	-	16,080,459	16,080,459
Less: Permitted payments	-	7,420,328	7,420,328
Less: Amount deposited in banks	3,658,000	7,264,542	10,922,542
Closing cash in hand as on 30.12.2016	-	2,942,899	2,942,899

The term Specified Bank Notes shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic affairs number S.O. 3047(E), dated the November 8, 2016.

42 Goodwill on consolidation

Particulars	As at 31 March 2017	As at 31 March 2016
	₹	₹
Opening Balance	177,472,146	177,472,146
Add: On additional investment in a subsidiary during the year	(73,132)	-
Total	**177,399,014**	**177,472,146**

43 Comparatives

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

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

Chander K. Baljee
Managing Director
DIN: 00081844

Sunita Baljee
Director
DIN: 00080737

Amit Jaiswal
Chief Financial Officer

Dr. Ranabir Sanyal
Company Secretary
FCS: 7814

Place : Bengaluru
Date : 29 May 2017

ROYAL ORCHID HOTELS LIMITED

Notice

Notice is hereby given that the Thirty First Annual General Meeting of the Members of ROYAL ORCHID HOTELS LIMITED will be held on Wednesday, THE 27TH DAY OF SEPTEMBER, 2017 AT 09.30 A. M. at **ROYAL ORCHID RESORT** AND CONVENTION CENTER, ALLALSANDRA, BELLARY ROAD, YELAHANKA, NEAR JAKKUR FLYING CLUB, BENGALURU – 560 065, KARNATAKA to transact the following businesses:

ORDINARY BUSINESSES:

1. To consider and adopt:
   (a) the Audited Financial Statements of the Company for Financial Year ended March 31, 2017, together with reports of the Board of Directors and Auditors thereon; and
   (b) the Audited Consolidated Financial Statement of the Company for the Financial year ended March 31, 2017, together with reports of the Auditors thereon.

2. To appoint a Director in place of Ms. Sunita Baljee (DIN: 00080737), who retires by rotation and being eligible, offers herself for re-appointment.

3. To ratify the appointment of Statutory Auditors of the Company.

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

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

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

SPECIAL BUSINESSES:

4. **To appoint Mr. Naveen Jain as an Independent Director of the Company.**

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

   ***"RESOLVED THAT** pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment(s) thereof for the time being in force), Mr. Naveen Jain (DIN: 00051183), who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective October 25, 2016 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Naveen Jain (DIN: 00051183), as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 3 (Three) years with effect from October 25, 2016 and the term shall not be subject to retirement by rotation;*

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

5. **To Borrow money exceeding paid-up capital and free reserves upto ₹ 150 crore**

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

   ***"RESOLVED THAT** pursuant to Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions (including any statutory modification or re-enactment thereof, for the time being in force) and Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to borrow moneys whether rupee loans or foreign currency loans or other external commercial borrowings, from time to time, together with the moneys to be borrowed/ already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) either from the Company's Bankers and/or any one or more persons or Financial Institutions or from any other sources abroad, such as, Foreign Banks, Foreign Investment/Financial Institutions or Funds or other Bodies, Authorities/Entities abroad*

whether by way of cash credit, advance, loans and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge on the Company's assets and properties whether movable or immovable or stock-in-trade (including raw materials, stores, spare parts and components or stock in transit) and work-in-progress of the Company on such terms and conditions as may be considered suitable by the Board of Directors in excess of the aggregate of the paid up-capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose upto a limit of ₹. 150 Crores outstanding at any one point of time.

RESOLVED FURTHER THAT *for the purpose of giving effect to the aforesaid resolution the Board of Directors of the Company be and is hereby authorized, to approve, decide, vary or modify the terms and conditions applicable for the aforesaid Borrowing and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, desirable or expedient and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.*

RESOLVED FURTHER THAT *the Board of Directors of the Company, be and is hereby authorized to delegate such powers to any Committee as it may deem necessary or appropriate in relation to the aforesaid Borrowing."*

6. To authorise Grant Loans , make Investment and give Corporate Guarantee on loans taken by subsidiary and Joint Venture Companies upto ₹ 350 Crore

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

"RESOLVED THAT *pursuant to the provisions of Section 186 of the Companies Act, 2013) read with rule no. 11 & 13 the Companies (Meeting of Board and its Powers) Rules, 2014 and all other applicable provisions (as amended or re-enacted from time to time) and subject to such approvals, consents, sanctions and permissions of the appropriate authorities, departments or bodies as may be necessary, the consent of the Members be and is hereby accorded to grant loans or make investment or provide security or guarantee on loans taken by subsidiary and Joint Venture Companies for an amount(s) exceeding 60% of paid-up capital , free reserves and securities premium account or 100% of free reserves and securities premium account but not exceeding ₹ 350 Crores outstanding at any one point of time."*

RESOLVED FURTHER THAT *for the purpose of giving effect to the aforesaid resolution the Board of Directors of the Company be and is hereby authorized, to approve, decide, vary or modify the terms and conditions applicable for the aforesaid loan, Investment , Corporate Guarantee and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, desirable or expedient and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.*

RESOLVED FURTHER THAT *the Board of Directors of the Company, be and is hereby authorized to delegate such powers to any Committee as it may deem necessary or appropriate in relation to the aforesaid loans, investments and Corporate Guarantee."*

7. To Pay Remuneration to Mr. C. K. Baljee as Managing Director for the years 2018-20

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

*"**RESOLVED THAT** pursuant to Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("including any statutory modification(s) or re-enactment thereof, for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to approval of the Central Government and such other consents and permission as may be required, Mr. C. K. Baljee (holding DIN: 00081844) be paid consolidated remuneration of ₹. 2,41,53,777/- for the year ended March 2019 and ₹ 2,77,76,844/- for the year ended March 2020 ; by way of salary and perquisites over and above the aforesaid amount as set out in the Explanatory Statement annexed to this Notice, with liberty to the Board/ Nomination and Remuneration Committee to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed be and between the Board/ Nomination and Remuneration Committee and Mr. C. K. Baljee".*

*"**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."*

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

Ranabir Sanyal
Company Secretary &
Compliance Officer

Date: 10.08.17
Place: Bengaluru

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

Notice *(continued)*

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF ITSELF AND THE PROXY NEED NOT BE A MEMBER**. The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered office of the Company not less than **48** (**FORTY-EIGHT) HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. A person can act as a proxy on behalf of Members not exceeding **50 (Fifty)** and holding in the aggregate not more than **10 (Ten)** percent of the total share capital of the Company carrying voting rights. A member holding more than **10 (Ten)** percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a Member.

2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item Nos. 4 to 7 set out above and details as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Directors seeking appointment/re-appointment at this Annual General Meeting are annexed hereto as **ANNEXURE - A**.

3. The Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).

4. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail addresses either with the Company or with the Depository or with Company's Registrar and Share Transfer Agent ("RTA"), Integrated Registry Management Services Pvt. Ltd.

5. In respect of Members whose e-mail ids are registered with the Company/the Depositories the Annual Report is sent in electronic mode. The Members who have not registered their e-mail ID are requested to register the same with Company's Registrars and Transfer Agents/Depositories. The Members who are desirous of receiving the full Annual Report may write to the Company's Registrar for a copy of the same.

6. Members, who are holding Company's shares in physical form and have not registered/updated their e-mail addresses, addresses and bank mandates with the Company, are requested to submit their requests to Company's RTA for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. Members, who are holding Company's shares in Demat form, are requested to register/update the same with their Depository Participant(s) directly.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company/RTA.

8. As an austerity measure, members/proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.

9. Corporate members intending to send their authorized representatives to attend the meeting are requested to lodge a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting authorizing such person to attend and vote on its behalf at the meeting.

10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

11. Relevant documents referred to in the accompanying Notice and the Statement, are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

12. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.

13. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, the 20th Day of September, 2017 to Wednesday , the 27th Day of September, 2017 (both days inclusive)** for the purpose of Annual General Meeting.

14. Members may also note that Notice calling the Meeting will be available on Company's website viz., www.royalorchidhotels.com.

15. Mr. G. Shanker Prasad (ACS 6357), Company Secretary in whole time practice has been appointed as the Scrutinizer to scrutinize the e-voting and poll process in a fair and transparent manner.

16. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its

members, the facility for transacting all the businesses set out in this Notice, through electronic voting system (to cast their vote electronically from a place other than the venue of Annual General Meeting) by using the electronic voting facility provided by Central Depository Services Limited ("CDSL").

17. The members, who are not able to attend the Annual General Meeting, can exercise their vote through poll/ballot form attached to the notice and send the same to Scrutinizer, Mr. G. Shanker Prasad, Practicing Company Secretary at No. 10, AGs Colony, Anand Nagar, Bengaluru – 560 024, so as to reach him on or before September 26, 2017 at 17:00 Hrs.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on **Thursday, the 21st Day of September, 2017 at 09:30 Hrs** and ends on **Tuesday, the 26th Day of September, 2017 at 17:00 Hrs**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Tuesday, the 19th Day of September, 2017** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # $ %& *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant **ROYAL ORCHID HOTELS LIMITED** on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Notice *(continued)*

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

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

(xix) **Note for Non-Individual Shareholders and Custodians**

a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

d) The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or send email to Company at investors@royalorchidhotels.com or contact the Company or Registrar & Share Transfer Agent.

(xxi) The result of voting shall be declared by the Chairman of the meeting on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.royalorchidhotels.com and will be communicated to the NSE Ltd. and BSE Ltd.

ANNEXURE - A

EXPLANATORY STATEMENTS

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

Item No. 4

Your Board, on recommendation by Nomination and Remuneration Committee, at its meeting held on October 25, 2016 has appointed Mr. Naveen Jain as an Additional Director on the Board of Company to hold office till the next Annual General Meeting of the Company and therefore, his office is liable to be vacated at this Annual General Meeting. Your Board recommends appointment of Mr. Naveen Jain as an Independent Director of the Company for a period of 3 (Three) years, w.e.f. October 25, 2016 and the term is not liable to retire by rotation. A brief resume of Mr. Naveen Jain is attached herewith.

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

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

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

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

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

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

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

Item No. 5 & 6

For expansion of Business and Operations renovations, maintenance of various properties are required by the Company , its Subsidiary and Joint Venture Companies The company , its Subsidiary and Joint Venture Companies. may be required to Borrow money for the aforesaid purpose. As per Section 180 (1) (c) of the Companies Act, 2013 the approval of Shareholders are required to borrow money exceeding paid-up capital and free reserves. Further since most of the subsidiaries , Joint Ventures are small, just commenced its operations they may require Loans, subscription to its Securities, Corporate Guarantee from the Company to raise funds. As per the provisions of Section 186 of the Companies Act, 2013 approval of members via special resolution is required for providing guarantee in excess of 60% of the paid-up capital, free reserves and securities premium or 100% of the free reserves and securities premium. Hence approval of members are sought for compliance of the aforesaid provisions.

The status of Borrowings, Loans, Investment and Corporate Guarantee on loans to subsidiaries and Joint Venture Companies as on March 31, 2017 are as follows:

Sr. No.	Particulars	Amount (₹ in crores)	Total Amount (₹ in crores)
1	Borrowings	43.01	43.01
2 a)	Loans	14.15	
b)	Investments	168.17	
c)	Corporate Guarantee	63.00	245.32
	Total		288.33

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

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

Item No. 7

Mr C. K. Baljee was re-appointed as Managing Director of the Company for a period of 5 years from April 01, 2015 to March 31, 2020. The Central Government vide Letter dated November 03, 2015 has approved the remuneration of Mr. Baljee from April 01, 2015 till March 31, 2018 which is given in clause 2) II of Information pursuant to Section II of Schedule V of the Companies Act, 2013:

The following remuneration has been recommended by the Nomination and Remuneration Committee and proposed by the Board

	Financial Year	Amount in Rupees
Salary	2018-19	20,12,815/- p.m.. i.e. 2,41,53,777/- p. a
	2019-20	23,14,737/- p.m. i.e 2,77,76,843/- p.a.
Perquisites & Allowances		
Leave Encashment		Upto 2 months salary
Reimbursement of Entertainment Expense for business purpose		10,000/-
Leave Travel Concession		Upto 2 months salary
Gratuity		Half months salary for each completed year of service

As per the provisions of Section 197 read with Schedule V of the Companies Act, 2013 approval of members and Central Government are required for payment of remuneration in case of inadequate profits. Thus, the Board of Directors recommends the resolution set out at Item no.7 of the notice for your approval.

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 respective relatives), who is interested in or concerned in the aforesaid Resolution.

Information pursuant to Section II of Schedule V of the Companies Act, 2013

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.

Notice *(continued)*

II. Information about the appointee:

(1) Background details: An MBA from IIM, Ahmedabad, Mr. C. K. Baljee is the Founder and 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:

Remuneration approved by the Central Government vide Letter dated November 03, 2015		**Amount in (₹)**
Salary	**2015-16**	1,58,81,500
	2016-17	1,82,63,725
	2017-18	2,10,03,284
Perquisites & Allowances		
Leave Encashment		Upto 2 months salary
Reimbursement of Entertainment Expense for business purpose		10,000/-
Leave Travel Concession		Upto 2 months salary
Gratuity *		Half months salary for each completed year of service

* As per clause IV of Schedule V to the Companies Act, 2013 the ceiling on managerial remuneration does not cover gratuity. Hence member's approval at 28th AGM may be referred to in this regard.

(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 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 recognized as on 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 comparable with respect to industry, size of the Company, profile of the position and person.

III. Other information:

Sr. No.	Particulars	
1	Reasons of loss or inadequate profits	The hospitality business has seen significant downturn due to global recession. This has resulted in inadequacy in profits. Currently, the hospitality business is in the course of recovery.
2	Steps taken or proposed to be taken for improvement	The Company plans to improve operating cash flows through cost synergies and exploring avenues of enhancing revenues.
3	Expected increase in productivity and profit in measurable terms	The overall productivity and profits are expected to increase as per the business outlook provided in the Management Discussion and Analysis Report.

ANNEXURE - 1

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

Name of the Director	**Mrs. Sunita Baljee**
Current Position	Mrs. Sunita Baljee is a Non-Executive Director on the Board of Royal Orchid Hotels. She is also on Board of other Subsidiaries and Associated Companies of Royal Orchid Hotels
Qualification	Master in Business Administration from the University of Raipur.
Experience	Mrs. Baljee is a co-promoter of Royal Orchid Hotels Limited. She was a Director of the Company from September 1999 till July 2005. She has vast experience in Hospitality Industry
Shareholding in the Company	2,26,260 equity shares of ₹. 10/- each
Terms and conditions of Appointment / re-appointment	Non-Executive Director Liable to retire by rotation

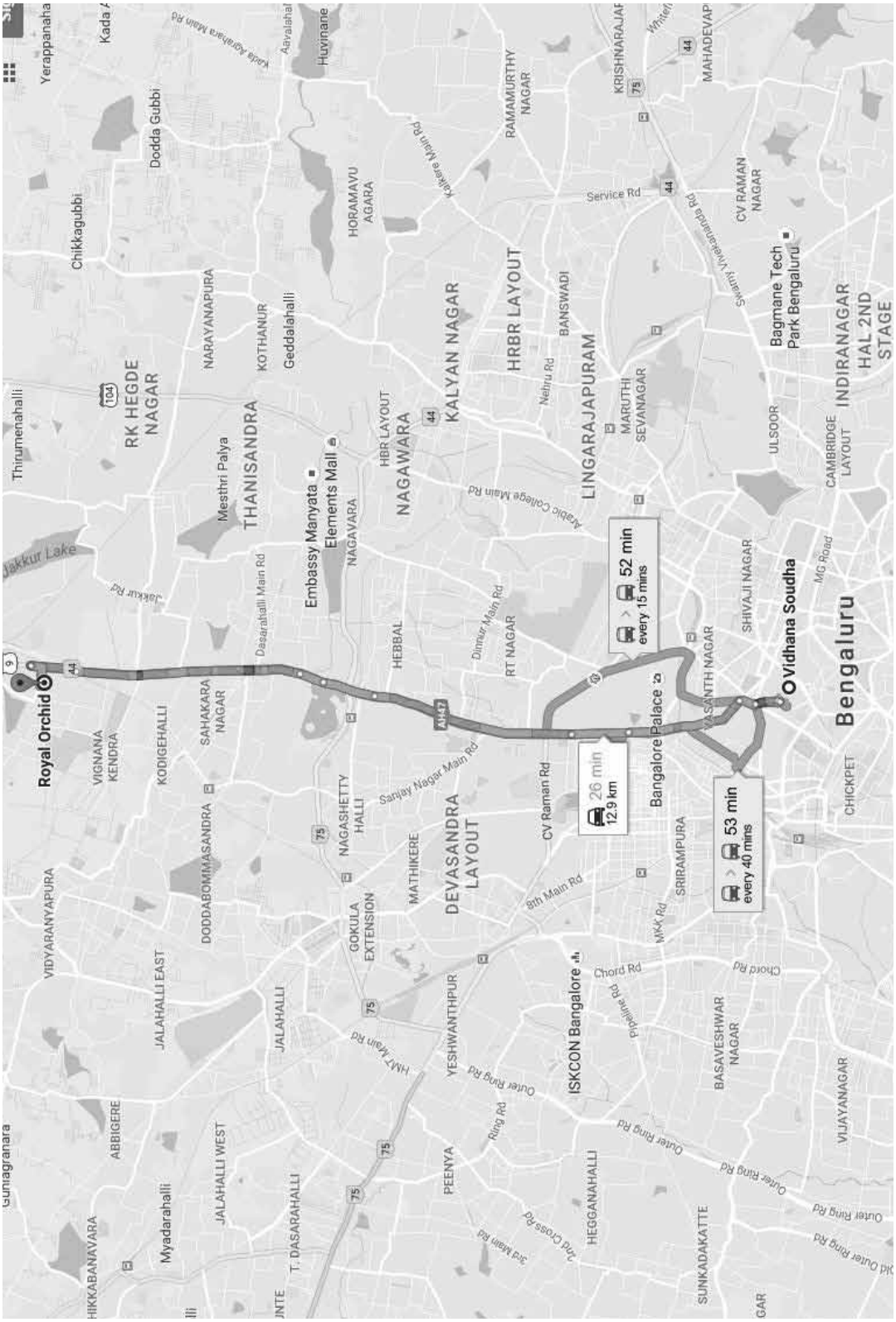
Name of the Director	**Mr. Naveen Jain**
Current position	Mr. Naveen Jain is heading Duet India Hotels, as President of the Company.
Qualification	Mr. Jain is a Fellow Member of the Institute of Chartered Accountants of India.
Experience	Prior to joining Duet, Mr. Jain has worked with leading hotel Companies in India, namely, The Oberoi Group, and The Leela Hotels Group, leading several functions including hotel investments, treasury, corporate finance, operational finance, project execution and general management. Mr. Jain has more than 3 decades of experience.
Shareholding in the Company	NIL
Terms and conditions of Appointment / re-appointment	Independent Director Not liable to retire by rotation

Note: Details of no. of meetings attended, Directorships, Membership and Chairmanship in Committees of Other Indian public companies are given in Corporate Governance Report.

ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING

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

Landmark: Near Jakkur Flying Club, Yelahanka.



NOTES

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ROYAL ORCHID HOTELS LIMITED

Corporate Identity Number (CIN): L55101KA1986PLC007392
Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, Karnataka
Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

THIRTY FIRST ANNUAL GENERAL MEETING – SEPTEMBER 27, 2017

ATTENDANCE SLIP

DPID*: Folio No. :

Client ID* :

No. of Shares :

Name and address of the Shareholder :

I/We hereby record my/our presence at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company held on Wednesday, the 27th Day of September, 2017 at 09:30 A. M. at Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bengaluru - 560 065, Karnataka.

Signature of the Shareholder/Proxy present:

* Applicable for investors holding Shares in Electronic Form.

THIRTY FIRST ANNUAL GENERAL MEETING – SEPTEMBER 27, 2017
FORM NO. MGT - 11

PROXY FORM

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

ROYAL ORCHID HOTELS LTD.

Corporate Identity Number (CIN): L55101KA1986PLC007392
Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru – 560 008, Karnataka
Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

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

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

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

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

E-mail Id:.....Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company held on Wednesday, the 27th Day of September, 2017 at 09:30 A. M. at Royal Orchid Resort and Convention Center, Allalsandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bengaluru – 560 065, Karnataka. or at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Resolution Type	For	Against
1	To consider and adopt the Audited Financial Statements and the Audited Consolidated Financial Statements of the Company along with the Report of the Board and Auditor's thereon for the Financial Year 2016 - 2017.	Ordinary		
2	To appoint a Director in place of Ms. Sunita Baljee (DIN: 00080737), who retires by rotation and being eligible, offers herself for re-appointment.	Ordinary		
3	To ratify the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bengaluru as Statutory Auditors of the Company to hold office from the conclusion of Thirty First Annual General Meeting upto the conclusion of the Thirty Second Annual General Meeting and to authorize the Board of Directors or any Committee thereof to fix their remuneration, in consultation with the Auditors.	Ordinary		
4	To appoint Mr. Naveen Jain as an Independent Director of the Company	Ordinary		
5	To Borrow money exceeding paid-up capital and free reserves upto ₹ 150 crore	Special		
6	To authorise Grant Loans, make Investment and give Corporate Guarantee on loans taken by subsidiary and Joint Venture Companies upto Rs 350 Crore	Special		
7	To Pay Remuneration to Mr. C. K. Baljee as Managing Director for the years 2018-20	Special		

Signed this ……day of ……2017.

Affix Revenue Stamp

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.

THIRTY FIRST ANNUAL GENERAL MEETING – SEPTEMBER 27, 2017

ROYAL ORCHID HOTELS LIMITED

Corporate Identity Number (CIN): L55101KA1986PLC007392
Registered Office: No.1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, Karnataka
Telephone: +91 080 41783000, Website: www.royalorchidhotels.com Email: investors@royalorchidhotels.com

Form No. MGT-12

BALLOT / POLL FORM

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

(The members who are not able to attend the Annual General Meeting, can send their assent or dissent in writing in respect of the resolutions as set out in the Notice by sending the duly filled and signed Ballot/Form to the Scrutiniser, Mr. G. Shanker Prasad, Practicing Company Secretary at No. 10, AGs Colony, Anand Nagar, Bengaluru – 560 024, so as to reach him on or before September 25, 2017)

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

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

No.	Item No.	Resolution Type	No. of Shares held by me	For	Against
1.	To consider and adopt the Audited Financial Statements and the Audited Consolidated Financial Statements of the Company along with the Report of the Board and Auditor's thereon	Ordinary			
2.	To appoint a Director in place of Ms. Sunita Baljee (DIN: 00080737), who retires by rotation and being eligible, offers herself for re-appointment.	Ordinary			
3.	To ratify the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bengaluru as Statutory Auditors of the Company to hold office from the conclusion of Thirty First Annual General Meeting upto the conclusion of the Thirty Second Annual General Meeting and to authorize the Board of Directors or any Committee thereof to fix their remuneration, in consultation with the Auditors.	Ordinary			
4.	To appoint Mr. Naveen Jain as an Independent Director of the Company	Ordinary			
5.	To Borrow money exceeding paid-up capital and free reserves upto ₹ 150 crore	Special			
6.	To authorise Grant Loans , make Investment and give Corporate Guarantee on loans taken by subsidiary and Joint Venture Companies upto ₹ 350 Crore	Special			
7.	To Pay Remuneration to Mr. C. K. Baljee as Managing Director for the years 2018-20	Special			

Place:
Date:

(Signature of the shareholder*)

(*as per Company records)

ROYAL ORCHID HOTELS

RE:GEN:TA HOTELS

47 Hotels in 33 Cities across India*

NORTH

AJMER
Regenta Inn*

AMRITSAR
Regenta Central

CHANDIGARH
Regenta Central

DEHRADUN
Regenta Central

GURGAON
Central Blue Stone

HARIDWAR
Regenta Central

JIM CORBETT
Regenta Resort

JAIPUR
Hotel Royal Orchid
Royal Orchid Central
Regenta Central, Jal Mahal
Regenta Central

KANPUR
Regenta Central*

LUDHIANA
Regenta Central

MUSSOORIE
Royal Orchid Fort Resort

PUSHKAR
Regenta Resort*

RANTHAMBORE
Regenta Resort

SRINAGAR
Regenta Central*

SOUTH

BANGALORE
Hotel Royal Orchid
Royal Orchid Central
Royal Orchid Suites
Hotel Ramada
Royal Orchid Resort
Regenta Inn

BELGAUM
Regenta Central*

CHENNAI
Regenta Central

DANDELI
Regenta Resort

HOSPET
Royal Orchid Central

MYSORE
Royal Orchid Brindavan Garden,
Royal Orchid Metropole
Regenta Central

SHIMOGA
Royal Orchid Central

EAST

KOLKATA
Regenta Central
Regenta Inn

WEST

GUJARAT
Regenta Central, Ahmedabad
Regenta Central, Bharuch
Regenta Resort, Bhuj
Royal Orchid Central, Vadodara
Regenta Inn, Vadodara
Regenta Central, Rajkot
Regenta Inn, Dwarka*

GOA
Royal Orchid Beach Resort & Spa
Regenta Resort Varca Beach

INDORE
Regenta Central*

MAHABALESHWAR
Regenta MPG Club

NAVI MUMBAI
Royal Orchid Central

PUNE
Royal Orchid Central
Royal Orchid Golden Suites

*Opening Shortly

ROYAL ORCHID HOTELS

RE:GEN:TA HOTELS

PACK YOUR BAGS AND HEAD FOR AN ADVENTURE WITH US ACROSS INDIA

Rediscover the Heritage and the Tales Untold

Take the leap into Unknown territories

Visit the landmarks in Popular Cities

Escape into Nature and Witness True Beauty

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