

Viceroy Hotels Limited

49<sup>th</sup>  
Annual Report



2013 - 2014



49<sup>th</sup>  
Annual Report  
2013 - 14

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## CHAIRMAN'S MESSAGE

It gives me great pleasure to invite you to the 49th Annual General Meeting of the Company. The world continues to be in the midst of a very challenging economic environment, we are still buffeted by headwinds caused by global as well as domestic circumstances. With the economic slowdown, supply has outpaced demand, which in turn resulted in suppressing pricing power and reducing occupancies. Hotel projects being capital intensive, many players facing tremendous pressure with high leverage and resultant high interest outgo. As per the predictions of India Ratings and Research Pvt. Ltd., Hotel Companies in India will continue to face muted revenue growth, stagnant profitability and elevated credit risk in 2014-15 driven by lower demand growth and supply-side pressures. However, with the stable Central Government, everyone would look forward for the recovery of the economy and revival of the market.



### Performance of the Company for FY 2013-14

The standalone performance of the Company in FY 2013-14, we have gross revenue of Rs. 71.27 Cr. as against Rs.72.38 Cr. in the previous year and consolidated gross revenue is Rs. 104.96 Cr. as against Rs.109.11 Cr. in the previous year.

### Present Status:

In the year 2010, we have opened Business Hotel, Courtyard, in Hyderabad, which is adjacent to the Marriott Hotel, Hyderabad. Both the hotels are connected by the bridge for the guests. This is a very strategic combination of Luxury and Business Hotel. Both the hotels have put together have a room strength of 500, which are of great advantage when convention business picks up.

We have hived off Bangalore Renaissance Hotel Project into a separate Company and in that Company J.P.Morgan had invested Rs.114 Cr. as their stake. This Project is almost at the finishing stage.

Similarly, we have sold Chennai Project division to M/s.Ceebros Hotels Pvt. Ltd., Chennai, by way of slump sale. As per the agreement entered with M/s. Ceebros Hotels Private Limited, and understanding we have made with banks, the sale transaction has been completed for a consideration of Rs.480 Crores which has resulted in substantial reduction of debt of the company, with a net loss of Rs.122.87 Crores to the Company.

### Acknowledgment

Before I conclude, on behalf of the Board of Directors of your Company, I wish to convey earnest thanks to the valued Shareholders for your continued support and trust in us.

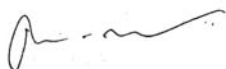
I take this opportunity to thank the Government of India for its support to Hospitality Industry. I also acknowledge the support extended by the State Governments and all other authorities and regulatory agencies.

I would like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company at all levels of levels of achievement. I would also like to thank customers, suppliers, bankers, financial institutions and all our shareholders.

Above all, I would like to place on record the commendable efforts and commitments shown by our employees who have always contributed their best for the Company.

Thank you for sparing your valuable time.

With best wishes,



**P. PRABHAKAR REDDY**  
Chairman

## CORPORATE INFORMATION

### Board of Directors and Key Managerial Persons:

Mr. P. Prabhakar Reddy	--	Chairman & Managing Director
Mr. A. Vijayavardhan Reddy	--	Non Executive Director
Mr. P. Chakradhar Reddy	--	Additional Director
Mr. K. Narasimha Rao	--	Independent Director
Mr. P. Narendra	--	Independent Director
Mr. A. Poornachandra Rao	--	Independent Director
Mr. K. Gurava Raju	--	Chief Financial Officer
Ms. Y. K. Priyadarshini	--	Company Secretary and Compliance Officer

### Audit Committee:

Mr. A. Vijayavardhan Reddy  
Mr. K. Narasimha Rao  
Mr. A. Poornachandra Rao

### Investor Grievance Committee :

Mr. A. Vijayavardhan Reddy  
Mr. K. Narasimha Rao  
Mr. A. Poornachandra Rao

### Auditors:

M/s. P. Murali & Co.,  
Chartered Accountants, Hyderabad

### Secretarial Auditors:

M/s. P.S. Rao & Associates  
Company Secretaries, Hyderabad

### Bankers/ Institutions:

State Bank of India  
Canara Bank  
Central Bank of India  
IDFC Limited

Axis Bank  
Andhra Bank  
Bank of Maharashtra

### Registered Office:

8-2-120/115/14, 5th Floor,  
Shangrila Plaza, Road No.2, Banjara Hills  
Opp. KBR Park, Hyderabad – 500034  
Tel: 040-40349999; Fax: 040-40349828  
E-Mail: [secretarial@viceroyhotels.com](mailto:secretarial@viceroyhotels.com)  
Website: [www.viceroyhotels.com](http://www.viceroyhotels.com)

### Registrars and Share Transfer Agents:

Aarthi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad – 500029  
Tel: 040-27638111; 040-66611921  
Fax: 040-27632184  
E-Mail: [info@arthiconsultants.com](mailto:info@arthiconsultants.com)

### Listing:

National Stock Exchange of India Ltd (NSE)  
BSE Limited (BSE)

### Company Identification Number (CIN):

L55101TG1965PLC001048



## NOTICE

Notice is hereby given that the **49th Annual General Meeting of Members of 'Viceroy Hotels Limited'** will be held on Friday, the 26th day of September 2014 at 11.00 A.M. at Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad-500080, Telangana, to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Profit & Loss Account for the financial year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. A.Vijayavardhan Reddy, Director (DIN: 00940604), who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of sections 139, 141 and 142 of the Companies Act, 2013, M/s. P. Murali & Co., Chartered Accountants, (Registration No: 007257S), Hyderabad, be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Meeting for a period of three years subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do or cause to be done all such acts, deeds and things as may be required or considered necessary or incidental thereto for giving effect to the aforesaid resolution."

### **Special Business**

4. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to section 161 of the Companies Act, 2013 and all other applicable provisions, if any, Mr. P. Chakradhar Reddy, (holding DIN:01425681), whose term of office as Additional Director of the Company expires at this Annual General Meeting, and in respect of whom Company received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do or cause to be done all such acts, deeds and things as may be required or considered necessary or incidental thereto for giving effect to the aforesaid resolution."

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

**"RESOLVED THAT** pursuant to Sections 149, 150, 152, 160 and all other applicable provisions of the Companies Act, 2013, if any, and the rules made there under, read with Schedule IV to the Companies Act, 2013, as amended from time to time, Mr. K.Narasimha Rao (holding DIN: 01475473), Non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years with effect from 26th September, 2014 to 25th September, 2019."

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

**“RESOLVED THAT** pursuant to Sections 149, 150, 152, 160 and all other applicable provisions of the Companies Act, 2013, if any, and the rules made there under, read with Schedule IV to the Companies Act, 2013, as amended from time to time, Mr. P. Narendra (holding DIN: 00129551), Non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years with effect from 26th September, 2014 to 25th September, 2019.”

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

**“RESOLVED THAT** pursuant to Sections 149, 150, 152, 160 and all other applicable provisions of the Companies Act, 2013, if any, and the rules made there under, read with Schedule IV to the Companies Act, 2013, as amended from time to time, Mr. A. Poornachandra Rao (holding DIN: 01981776), Non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from with effect from 26th September, 2014 to 25th September, 2019.”

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

**“RESOLVED THAT** in supersession of the resolution passed by the shareholders, and pursuant to Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time, any sum or sums of money, which together with the moneys already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business), may exceed 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, provided that the total amount of moneys so borrowed shall not, at any time exceed the limit of Rs. 1200 Crore (Rupees Twelve Hundred Crores).”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to a Committee constituted by the Board with power to the said Committee to sub-delegate its powers to any of its members.”

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

**“RESOLVED THAT** in supersession of the resolution passed by shareholders and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to authorize the Board to create such charges, mortgages and hypothecations on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with the power to take over the management and concern of the Company in certain events, if required, in favor of Banks or Financial Institutions or other investing agencies or trustees for the holders of debentures/bonds/other instruments which may be issued to or subscribed by all or any of the financial institutions / banks / any other investing agencies or any other person(s) / bodies corporate by way of private placement or otherwise to secure rupee / foreign currency loans, debentures, bonds or other instruments (hereinafter collectively referred to as “Loans”), whether already borrowed or to be borrowed, provided that the total amount of loans together with

interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, shall not, at any time exceed the limit of Rs. 1200 Crore (Rupees Twelve Hundred Crores).”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to finalise with any of the lenders, jointly or severally, the documents for creating aforesaid charge/mortgage/hypothecations and to do all such acts, deeds matters and things as may be considered necessary, desirable or expedient for implementing the resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board of Director to be in the best Interest of the Company.”

**By Order and on behalf of the Board**

Hyderabad  
August 5, 2014

**Sd/-  
Y. K. Priyadarshini  
Company Secretary**

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend instead of himself/herself and such proxy/proxies need not be a member of the Company.
2. The Instrument of Proxies in order to be effective must be received by the Company at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of Companies, Societies, Partnership Firms, etc. must be supported duly certified copy of the Board Resolution/authority, as applicable, issued by the member organization.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 19, 2014 to Friday, September 26, 2014, both days inclusive for the purpose of the Annual General Meeting of the Company.
4. All communications in respect of the share transfers and change in their registered address may be communicated to our RTA at M/s. Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad-500029, AP. Members whose shareholdings are in dematerialized form are requested to send the intimation for change of address to their respective depository participant(s).
5. For the convenience of Members and for proper conduct of the meeting, entry to the venue of the Meeting will be regulated by Attendance Slip, which is enclosed with this notice. Members/Proxies are requested to hand over the duly filled and signed Attendance Slip at the entrance for attending the meeting.
6. 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.
7. The Company has designated exclusive email ids [companysecretary@viceroys.com](mailto:companysecretary@viceroys.com) and [secretarial@viceroys.com](mailto:secretarial@viceroys.com) for redressal of shareholders' complains/grievances.
8. Pursuant to Clause 49 of the Listing Agreement details in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
9. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 has instructed all Companies for usage of electronic payment modes for making cash payments to the investors. Companies whose securities are listed on Stock Exchanges are directed to use, either directly or through their RTI & STA, any Reserve Bank of India approved electronic mode of payment such as ECS [ECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT etc.



Thus, Members are requested to kindly provide their requisite bank account particulars by quoting their reference folio number(s) if shares are held in physical form.

If shares are held in dematerialized form, Members may kindly provide the requisite bank account details to their Depository Participant, to ensure that future dividend payments are correctly credited to the respective account.

12. 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 details to the Company.
13. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. The Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose.

Members are requested to support green initiative by registering/updating their email id address in respect of shares held in dematerialization form with respective depository participants (DP's) and in respect of shares held in physical form update with our registrars(RTA's) by sending email to [gogreen\\_phl@arthiconsultants.com](mailto:gogreen_phl@arthiconsultants.com) or send requests to Arthi Consultants Private Limited along with your Folio No.

14. Members are requested to kindly bring their copies of the Annual Report to the Meeting. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
15. Members who hold shares in physical form in multiple folios under same name or joint holding are requested to intimate to the Registrar and Transfer Agents, M/s. Arthi Consultants Private Ltd about these folios to enable consolidation of all such shareholdings into one folio.
16. All mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.
17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies Management and Administration) Rules, 2014 the Company is pleased to provide members the facility to exercise their right to vote at the 49th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).

It may be noted that this e-voting facility is optional. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at Annual General Meeting.

The e-voting facility will be available at the link <http://www.evotingindia.com> during the voting period:

#### A) INSTRUCTIONS FOR E-VOTING

- a) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- b) Click on "Shareholders" tab. Select the "VICEROY HOTELS LIMITED" from the drop down menu and click on "SUBMIT".
- c) Now enter your User ID

For Members holding shares in Demat Form	For Members holding shares in Physical Form
For NSDL: 8 Character DP ID followed by 8 Digits Client ID, For CDSL: 16 digits beneficiary ID,	Folio Number registered with the Company

- d) Next enter the Image Verification as displayed and Click on Login.
- e) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- f) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>▪ Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field</li> <li>▪ Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the folio/client id.</p>

- g) After entering these details appropriately, click on "SUBMIT" tab.
- h) Members holding shares in Physical form will then reach directly to the voting screen.
- i) 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. 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.
- If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- j) Click on the relevant EVSN for the "VICEROY HOTELS LIMITED"
- k) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO.
- l) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Notice of the Annual General Meeting.
- m) 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.
- n) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- o) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- p) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

- q) Note for Non-Individual Shareholders & Custodians:
- ◆ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - ◆ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ◆ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - ◆ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - ◆ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- r) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- B) The voting period begins on 22-09-2014 (9.00 AM) and ends on 23-09-2014 (6.00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 29-08-2014 (the cut-off date) may cast their vote their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- C) The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 29-08-2014.
- D). Ms. N.Vanitha, Practicing Company Secretary (Membership No.26859),has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent Manner.
- E) The Scrutinizer shall within a period of 48 hours from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizers Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.
- F) The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizers Report, shall be placed on the Company’s website [www.viceroyhotels.com](http://www.viceroyhotels.com) and on the website of CDSL within two days of passing of resolutions and be communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd. and NSE Limited in accordance with the listing Agreement.

#### **Annexure1 to the Notice**

#### **Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013**

##### **Item No. 4**

Mr. P. Chakradhar Reddy was appointed as an Additional Director by the Board of Director w.e.f. August 5, 2014, in accordance with the provisions of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 Mr. P.Chakradhar Reddy holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing her candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that presence of Mr.P. Chakradhar Reddy on the Board is desirable and would be beneficial to the company and hence recommend resolution No.4 for adoption.

None of the Directors, except Mr. P. Prabhakar Reddy, Mr. A. Vijayavardhan Reddy and Mr. P. Chakradhar Reddy, are concerned or interested in this resolution.

The Board of Directors recommends resolution under Item No.4 to be passed as ordinary resolution.

#### **Item Nos.5, 6 & 7:**

Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao are the Non-executive Independent Directors and liable to retire by rotation under Companies Act, 1956. As per the provisions of Section 149 of the Act which has come into force with effect from 1st April, 2014, these directors shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao have given respective declarations to the Board that they meets the criteria of independence as provided under Section 149 (6) of the Act. Your Board is of the opinion that Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao, fulfils the conditions specified in the Act and the Rules made there-under for appointment as an Independent Directors and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao as Independent Directors is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day during 10.00 a.m. to 1.00 p.m. till the conclusion of the Annual General Meeting.

Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao, being appointees, are interested in the resolutions set out respectively at Item Nos. 5, 6 & 7 of the Notice with regard to their respective appointments and no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item Nos. 5,6&7 of the Notice.

#### **Item Nos. 8 & 9**

The members of the Company through Postal Ballot on January 24, 2011 approved by way of an Ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956, authorizing the Board to borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.1200 Crores (Rupees Twelve Hundred Crores).

Section 180 (1) (c) of the Companies Act, 2013 provides that the Board of Directors cannot, except with the consent of the Company in a general meeting by means of a special resolution, borrow moneys which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), 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.

In terms of provisions of the Companies Act, 2013, approval of the Members is sought by way of a special resolution for an amount not exceeding the borrowing limit of Rs.1200 Crores (Rupees 1200 Crores).

The proposed borrowings of the Company, if necessary, be secured by way of charge/mortgage/ hypothecation on the Company's assets in favour of the security holders or any other lender(s). As the documents to be executed between the security holders/trustees for the holders of the said securities and the Company may contain the power to take over the management of the Company in certain events, it is necessary to pass a special resolution under section 180 (1) (a) of the Companies Act, 2013 for creation of charges / mortgages / hypothecations for an amount not exceeding the borrowing limit of Rs.1200 Crores. Hence the approval of the Members is sought by way of a special resolution for the aforesaid limits.

The Resolutions proposed under item nos. 8 and 9 are in the interest of the Company and the Board recommends the Resolutions for acceptance by the Members.

None of the Directors, key managerial personnel or their respective relatives is interested or concerned in the Resolutions.

**Annexure II to the Notice:**

**Information in respect of Directors seeking appointment/re-appointment as required under Clause 491V(G) of the Listing Agreement.**

<b>Sl. No.</b>	<b>Particulars</b>	
<b>1.</b>	<b>Name of the Director</b>	<b>P. Chkradhar Reddy</b>
	Date of Birth	14-01-1975
	Date of Appointment	05-08-2014
	Expertise in specific functional areas	Business
	Qualifications	M.B.A.
	No. of Shares held as on March 31, 2014	41,04,351
	Directorships held in other companies (excluding private and foreign companies)	Nil
	Positions held in mandatory committees in other companies	Nil
<b>2.</b>	<b>Name of the Director</b>	<b>Mr. A. Vijayavardhan Reddy</b>
	Date of Birth	26-10-1957
	Date of Appointment	30-07-1999
	Expertise in specific functional areas	Vast Experience in Hotel Industry
	Qualifications	Post Graduate
	No. of Shares held as on March 31, 2014	5,00,000
	Directorships held in other companies (excluding private and foreign companies)	Nil
	Positions held in mandatory committees in other companies	Nil
<b>3.</b>	<b>Name of the Director</b>	<b>Mr. K. Narasimha Rao</b>
	Date of Birth	22-07-1961
	Date of Appointment	24-01-2002
	Expertise in specific functional areas	Business
	Qualifications	Graduate
	No. of Shares held as on March 31, 2014	2,16,977
	Directorships held in other companies (excluding private and foreign companies)	Nil
	Positions held in mandatory committees in other companies	Nil

Sl. No.	Particulars	
<b>4.</b>	<b>Name of the Director</b>	<b>Mr. P. Narendra</b>
	Date of Birth	23-09-1953
	Date of Appointment	31-12-2006
	Expertise in specific functional areas	Printing Technology
	Qualifications	Chemical Engineer
	No. of Shares held as on March 31, 2014	Nil
	Directorships held in other companies (excluding private and foreign companies)	1) Smart Teach Technologies Limited 2) MedRcEdu Tech Limited
	Positions held in mandatory committees in other companies	Nil
<b>5.</b>	<b>Name of the Director</b>	<b>Mr. A. Poornachandra Rao</b>
	Date of Birth	1-03-1950
	Date of Appointment	30-07-1999
	Expertise in specific functional areas	Social Worker
	Qualifications	Graduate
	No. of Shares held as on March 31, 2014	Nil
	Directorships held in other companies (excluding private and foreign companies)	Nil
	Positions held in mandatory committees in other companies	Nil



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 49th Annual Report and the audited accounts for the financial year ended March 31, 2014.

### Performance / Financial Results

The financial performance of the Company, for the year ended March 31, 2014 is summarized below:

(Rupees in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2013-14	2012-2013	2013-14	2012-2013
Income from Operations	<b>7102.50</b>	7218.91	<b>10470.97</b>	10891.73
Other Income	<b>24.27</b>	18.77	<b>24.93</b>	18.91
Total Revenue	<b>7126.77</b>	7237.68	<b>10495.90</b>	10910.64
Profit before Interest and Depreciation	<b>2858.48</b>	3038.15	<b>2960.14</b>	3223.65
Interest	<b>2313.71</b>	2270.06	<b>2391.40</b>	2381.66
Depreciation	<b>1341.98</b>	1331.56	<b>1502.78</b>	1489.99
Profit before Tax and Extraordinary Items	<b>(797.21)</b>	(563.47)	<b>(934.05)</b>	(648.01)
Extraordinary Items	<b>(12287.23)</b>	-	<b>(12287.23)</b>	-
Provision for Current Tax	-	-	<b>25.94</b>	30.35
Deferred Tax	<b>28.80</b>	14.94	<b>26.81</b>	14.62
Profit after Tax	<b>(13055.65)</b>	(578.41)	<b>(13220.40)</b>	(692.97)

### Dividend

The Board does not recommend any dividend for the financial year.

### Directors

Mr. K. Jayabharat Reddy, Director of the Company retired by rotation in the 48th Annual General Meeting of the Company held on 27th September, 2013. As Mr. Jayabharath Reddy conveyed his unwillingness to be reappointed as Director, it has been decided by the members in the Annual General meeting, not to fill the vacancy so caused.

In accordance with Section 152 of the Companies Act, 2013, Mr. A. Vijayavardhan Reddy, Director, who retire by rotation and being eligible, offered himself for re-appointment.

Mr. P. Chakradhar Reddy has been appointed as an Additional director on August 5, 2014 and shall hold the office up to this Annual General meeting. Your Company is in receipt of notice under section 160 of the Companies Act, 2013 for his appointment as Director of the Company.

Pursuant to notification of Section 149 and other applicable provisions of the Companies Act, 2013 read with Rules thereon, your directors are seeking reappointment of Mr. K. Narasimha Rao, Mr. P. Narendra and Mr. A. Poornachandra Rao as Independent Directors for a period of five years.

### Status of 'Bangalore Hotel Project'

As far as the Bangalore Hotel Project "Renaissance" is concerned, it is a joint venture between J. P. Morgan having 60% stake and Viceroy Hotels Ltd. having 40% stake. The new company under the name of Viceroy Bangalore Hotels Private Limited is formed for taking up the Bangalore Hotel Project under the joint venture arrangement. The project work is almost at nearing stage as all the civil works are completed and interiors of rooms and public areas and the mechanical works are almost at the finishing stage. The hotel is situated in a very prime location in Bangalore i.e. opposite Race

Course. It is a big project with 23 floors and has 277 guest rooms, a three-meal restaurant, bar lounge, multi function banquet halls, large function lawn and a large multi-cuisine restaurant on the top most floor of the hotel with a breath taking view of the city

### **Sale of 'Chennai Project Division'**

Members are aware that during the year under review, due to sudden changes in the Environmental Rules and Chennai Metropolitan Development Authority Rules of Chennai and finally at the instance of the banks such as SBI etc. who have sanctioned loans for Chennai Hotel Project, the 'Chennai Project Division' comprising the 'Chennai Hotel Project' i.e. J.W.Marriott Hotel Project, Chennai and 'Chennai Residential Project', has been sold to Ceebros Hotels Private Limited for a sale consideration of Rs.480 Crores.

As per the terms of sale, the loan amounts availed from SBI and others had to be closed before 31.03.14. Accordingly, Ceebros Hotels (P) Ltd. had made arrangements through funding from IFCI Ltd., paid the loans to various Banks:

### **Auditors**

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, on rotation of audit firms and based on the recommendation of the Audit Committee, the Board has recommended the re-appointment of M/s. P. Murali & Co., Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting, subject to the ratification of shareholders at every Annual General Meeting. M/s. P. Murali & Co., Chartered Accountants, Hyderabad, have confirmed that the appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013.

### **Auditor's Observations**

#### ***Point No. IX (a) of Annexure to Auditor's Report***

The Company is generally regular in depositing statutory dues including PF, ESI, Service Tax with the appropriate authorities and at the end of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable. *However in Respect of TDS & WCT an amount of Rs. 2, 21, 54, 450/- is outstanding which were due for more than 6 months from the date they became payable (i.e Year-wise 2011-12 is Rs. 1, 13, 21, 895/-, 2012-13 is Rs. 85, 94, 111/- and 2013-14 is Rs. 8, 79, 138/- and year 2011-12 WCT is Rs. 13, 59, 306/-).*

#### ***Point No. XI of Annexure to Auditor's Report***

*According to information and explanations given to us, the company has defaulted in repayment of dues amounting to Rs. 101.58 Crores towards principal and Rs. 90.55 crores towards interest to financial Institutions and Banks.*

### **Reply to the Auditor's Observations:**

With regard to Auditor's Observations for Point Nos. IX (a) and XI of the Annexure to Auditor's Report :

Point No. IX (a) : The Company seriously pursuing the matter to clear outstanding TDS/WCT dues.

Point No. XI : The Company is putting serious efforts to re-pay defaulted amounts to the financial institutions and banks through One Time Settlement (OTS).

### **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) 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, 2014 and of the profit of the Company for the year ended on that date;



- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts of the Company for the year ended March 31, 2014 has been prepared on a 'going concern' basis.

### **Particulars of Employees**

No employee was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

### **Information required under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988**

Your Company's effort towards conservation of energy, which results in savings in consumption of electricity, a significant component of the energy cost, is an ongoing process. The Company continues to absorb and upgrade modern technologies and advanced hotel management techniques in various guest contact areas, which include wireless internet connectivity in the hotels.

As required under Section 217(1) (e) of the Companies Act, 1956, read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is in item nos. 32, 33 & 34 of Notes to Accounts of the Balance Sheet and Profit and Loss Account.

### **Compliance with Notification No. S.O. 301(E) dated 8th February, 2011 issued by the Ministry of Corporate Affairs under Section 211(3) of the Companies Act, 1956.**

Since Central Government had issued a notification No. S.O. 301 (E) dated 8th February, 2011 in exercise of the powers conferred by Section 211 (3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfillment of few conditions, your Company has duly complied with all conditions of the notification to seek general exemption under Section 211 (4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March, 2014. Your Board has passed necessary resolution at its meeting held on August 5, 2014 to comply with the conditions of the notification for the same.

### **Public Deposits**

During the year under review, your Company has neither invited nor accepted any deposits from the public.

### **Listing**

The Equity Shares of your Company are listed on BSE Limited and the National Stock Exchange of India Limited. It may be noted that there are no payments outstanding to the Stock Exchanges by way of Listing Fees, etc.

### **Corporate Governance**

The Company has taken adequate steps to ensure that the conditions of corporate governance as stipulated in clause 49 of the listing agreement of the stock exchange are complied with. A separate statement on corporate governance together with the auditor's certificate of its compliance forms part of this annual report.

### **Management Discussion & Analysis**

Management discussion and analysis of the financial condition and results of operations of the Company for the period under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is given in a separate statement in the Annual Report.

### **Employee Relations**

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

## Subsidiaries

### **Viceroy Chennai Hotels & Resorts Private Limited:**

Viceroy Chennai Hotels & Resorts Private Limited has no operations commenced as on date.

### **Minerva Hospitalities Private Limited:**

Minerva Hospitalities Private Limited has no operations during the year.

### **Café D Lake Private Limited:**

M/s Café D'Lake Private Limited which operates all the restaurants businesses of Minerva Coffee-shop, Blue Fox Bar & Restaurant, Eat Street and Water Front has achieved a turnover of Rs.30.82 Crores for the year ended March 31, 2014 as against Rs.31.44Crores for the previous year. The Net profit for the year ended March 31, 2013 is Rs.0.57 Crores as against Rs.0.60 Crores in the previous year.

### **Crustum Products Private Limited:**

M/s Crustum Products Private Limited is the Master Franchisee of Breadtalk Singapore. During the year the Company is running outlets at Mumbai, Gurgaon, Bangalore and Hyderabad.

During the year under review, the Company achieved a turnover of Rs.2.86 Crores as against Rs.5.28 Crores for the previous year. The Net loss for the year ended March 31, 2014 is Rs. 2.21 Crores as against net loss of Rs.1.42 Crores in the Previous Year.

In terms of section 212 of the Companies Act, 1956, your Company is required to attach the directors report, balance sheets, profit and loss account of its subsidiary companies to its Annual Report. However, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated: 08-02-2011 has granted a general exemption to all the Companies for not attaching the above documents of subsidiaries with the Annual Report of the Holding Company, subject to compliance of the conditions specified therein.

As required under the said general circular, the Board of Directors of your Company at its meeting held on August 5, 2014, has given its specific consent for not attaching the balance sheets of its subsidiaries, as they would be made available to its members at the Company's website.

In terms of the said notification of the MCA, a summary of the financial information of each of the subsidiaries of your Company is provided as Annexure "A" to this report. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. These documents will also be available for inspection during the business hours at the registered office of the company and also at the registered offices of the respective subsidiary companies.

## Acknowledgments

Your Directors acknowledge with gratitude and wish to place on record their sincere thanks and appreciation for the co-operation received by the Company from various Departments of Central/ State Government, Financial Institutions and Banks for their continued co-operation and the support extended during the year. Your Directors also wish to acknowledge the continued support and confidence reposed in the management by the Shareholders.

**By Order and on behalf of the Board**

Hyderabad  
August 5, 2014

Sd/-  
**P. Prabhakar Reddy**  
Chairman

## **Annexure – A to Directors’ Report**

Statement pursuant to Section 212 (8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies as on March 31, 2014.

(In Rupees)

<b>Name of the Subsidiary Company</b>	<b>Café D’Lake Pvt. Ltd.</b>	<b>Crustum Products Pvt. Ltd.</b>	<b>Minerva Hospitalities Pvt. Ltd.</b>	<b>Viceroy Chennai Hotels &amp; Resorts Pvt. Ltd.</b>
Issued and Subscribed Share Capital	2,74,45,300	4,00,00,000	4,66,92,670	1,00,000
Reserves	17,3519,015	(3,78,88,905)	(51,75,091)	-
Total Assets	31,32,43,215	32,25,85,745	78,125,404	1,00,000
Total Liabilities	11,2278,900	32,04,74,650	3,66,07,825	-
Details of Investment (Except in case of investment in subsidiaries)	-	-	-	-
Turnover/Total Income	30,81,60,805	2,86,96,648	55,596	-
Profit before taxation/(Loss)	83,95,222	(2,21,21,210)	52,895	-
Provision for taxation	25,94,124	-	-	-
Profit after taxation/loss	56,56,569	(2,21,77,949)	52,895	-
Proposed dividend	Nil	Nil	Nil	Nil
Number of shares held by Viceroy Hotels Limited along with its nominees	27,44,530 Equity Shares of Rs.10/- each	40,00,000 Equity Shares of Rs.10/- each	46,69,267 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each
Extent of interest held by Viceroy Hotels Limited along with its nominees	100%	100%	100%	100%

### **Notes:**

In Accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other Financial Statements / Documents of the Subsidiary Companies viz., Viceroy Chennai Hotels and Resorts Private Limited and Minerva Hospitalities Private Limited (which are yet to commence it operations / activities) are not being attached with the Balance Sheet of the Company. The Statement required under Section 212 of the Companies Act, 1956 is attached to the Annual Accounts of the Company.

The Audited Annual Accounts and related information of Subsidiaries as applicable will be made available upon request. Further, the annual accounts of the Subsidiary Companies will also be kept for inspection by any member of the Company or its Subsidiary at the registered office of the Company and that of the Subsidiary Company concerned.

## MANAGEMENT DISCUSSION & ANALYSIS:

### Industry overview for the last Financial Year

According to World Economic Forum Travel & Tourism Competitiveness Report 2013, India ranked 65th out of 144 countries – major negatives being policy & regulations, safety & security, health & hygiene, infrastructure, human resources and lack of affinity for travel & tourism.

The stagnation of market in the previous financial year more particularly in the second half of the previous financial year, lack of support from the government resulted in overall poor performance of the hotel industry as well as your company, despite positives in some markets. The flow of foreign guests both business as well as leisure travels not touched the expected levels. Due to the surplus supply of rooms Average Room Rents (ARRs) have consistently declined. Apart from the above, the other challenges like shortage of skilled labour, retaining quality workforce, rising customer preference, increasing cost of heat, light, power have once again affected the profit margins of hotels.

### Future Outlook

The number of tourists visiting India is estimated to touch the figure of 4.4 million. With this huge figure, India is fast becoming the hottest tourist destination in the region. The visitors include business travelers, leisure travelers and persons of Indian origin with foreign passports. Growth is expected to continue over the next few years. It is being predicted that India may achieve an average growth of 12% per annum in tourism for many years to come.

Apart from international tourists, the domestic tourist market, including business and leisure travelers, is also flourishing. This market is estimated at around 300 millions tourists per year. The industry also expects a boom in spiritual and medical tourism in the domestic sector at a growth rate of 10% to 15% over the next few years. Growth in tourism will definitely lead to a boom in hotels and restaurants.

A steady growth of about 10% in new hotel projects is expected for the next few years.

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

Stable government in the centre, and increased spending on advertising campaigns, government decision to increase step up vigilance in key cities and historically important tourist sites and introduction of electronic visa facility (e-Visa) expected to give a much needed boost to inbound travel in India.

### Financial Performance of the Company:

The Company operate only in single segment i.e., Business of Hoteliers.

During the last financial year, the Company's total turnover was Rs.71.26 Crores. The Earnings before Interest, Depreciation and Taxation and other Amortization (EBIDTA) is Rs.28.58 Crores. The loss due to sale of Chennai Project Division is Rs.122.87 Crores. The Loss before tax is Rs.130.84 Crores and the loss after tax for the year under review was Rs.130.55 Crores respective.

During the Financial Year under the review, the Company's consolidated total income aggregated Rs.104.96 Crores. The Company's consolidated loss before taxes aggregated to Rs.132.21 Crores

## **Risks and Concerns**

### ***Economic Risk***

The company's performance is highly reliant on the growth of business and economy in the country. The subdued economic growth in the country may have severe affect on the company's business. The GDP growth is expected to surge to 5.8 % by 2015. The expected green shoots of recovery, the Company does not expect to be significantly affected by this risk.

### ***Occupancy Risk***

The profitability of the Company is dependent on occupancy rate. This might be the major risk and affect the Company's profitability.

### ***Project Implementation Risk***

Your Company may be impacted by delays in implementation of projects which would result in increasing project cost and loss of potential revenue. To mitigate this risk, the Company has in place an experienced project team supported by the leading external technical consultants. The Company will endeavour to complete its projects on time at optimal cost so as to maximize the profitability.

### ***Human Resource Risk***

One of the greatest challenges plaguing the hospitality industry is the unavailability of quality workforce in different skill levels. The hospitality industry has failed to retain good professionals. Retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages.

### ***Foreign Exchange Risk***

Your Company may be impacted by the fluctuation of the Indian Rupee against other foreign currencies. To mitigate this risk the Company has migrated to single currency billing in Indian Rupees.

### **Internal Control Systems and their Adequacies**

The Company maintains an adequate and proper system of internal controls. All the Company's assets are secured and protected against loss from illicit use or dispossession. All the transactions are authorized. It is ensured that the company's internal audit is being strengthened from time to time and that all the financial statements and accounting records of the company are reviewed and reliable.

### **Material Developments in Human Resources**

'Human Resources' is recognized as a key pillar of any successful organization and so is for Viceroy Hotels. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the company places high amount of emphasis on professional etiquette to be exhibited by every employee.

### **Cautionary Statement**

The report contains certain statements that include forward looking statements based on current expectations, beliefs or assumptions about future events that are subject to a number of risks and uncertainties. However, Actual results may differ materially from those expected due to various external factors. However readers are advised not to rely upon these forward looking statements which do not guarantee future performance and are subject to a number of risks and uncertainties. This report should be read in conjunction with the financial statements included herein and the notes thereto.

# REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

To maximize the shareholder value by adopting the principles of good corporate governance in line with the provisions stipulated in the listing agreement.

## II. BOARD OF DIRECTORS

As on March 31, 2014, Viceroy's Board consists of 5 Members of whom 3 (three) are Independent Directors. The Composition of the Board is in conformity with the listing requirements.

### Board Meetings:

The Board of Directors met five (5) times during the financial year on 08-05-2013, 29-05-2013, 12-08-2013, 4-11-2013 and 11-02-2014 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49 of Listing Agreement.

The details of Directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name of the Director	Category and Designation	Board Meetings attended during the year	No. of directorships held in other Indian public limited companies	No. of Committee positions held in other companies	
				Chairman	Member
Mr.P. Prabhakar Reddy	Promoter and CMD	5	01	Nil	Nil
*Mr. K. Jayabharat Reddy	NED (I)	2	06	3	3
*Mr. R. Subramanian	NED (I)	2	Nil	Nil	Nil
Mr. P. Narendra	NED (I)	4	02	Nil	Nil
Mr. A. Vijayavardhan Reddy	NED	2	01	Nil	Nil
Mr. A. PoornachandraRao	NED (I)	5	Nil	Nil	Nil
Mr. K. NarasimhaRao	NED (I)	5	Nil	Nil	Nil

**NED: Non Executive Director;**

**NED (I): Non Executive Independent Director;**

**CMD: Chairman and Managing Director**

\* ceased with effect from September 27, 2013 due retirement by rotation.

### Attendance for AGM 2013:

Mr. P. Prabhakar Reddy, Mr. A. Vijayavardhan Reddy, Mr. A. Poornachandra Rao, and Mr. K. Narasimha Rao, attended the last Annual General Meeting held on September 27, 2013.

### III. AUDIT COMMITTEE

Composition, meetings and the attendance during the year:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2013-2014, (4) Four meetings of the Audit Committee were held on 29-05-2013, 12-08-2013, 4-11-2013 and 11-02-2014.

Details of the composition of the Committee and attendance of the members at the meetings:

Name	Designation	Category	No. of meetings attended
Mr. A. Vijayavardhan Reddy	Chairman	NED	2
Mr. K. Narasimha Rao	Member	NED (I)	4
Mr. A. Poornachandra Rao	Member	NED (I)	4

The Managing Director, Company Secretary, CFO and the Statutory Auditors were also invited to the Committee Meetings.

#### Terms of reference:

The terms of reference of the Committee, inter alia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as those specified in Section 292 (A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

### IV. REMUNERATION OF DIRECTORS

Details of remuneration paid to Directors are given below:

Director	Relationship with other Directors	Business relationship with Viceroy, if any	Loans and advances from Viceroy	Remuneration	Paid During 2013-2014 (Amount in Rs.)		
					Sitting Fees	Salary	Commission
P. Prabhakar Reddy	Relative to Mr. Vijayavardhan Reddy	Promoter	Nil	Nil	30,00,000	Nil	30,00,000
K. Jayabharat Reddy	None	Nil	Nil	10,000	-	-	10,000
R. Subramanian	None	Nil	Nil	10,000	-	-	10,000
A.Vijayavardhan Reddy	Relative to MD	Promoter	Nil	15,000	-	-	15,000
P. Narendra	None	Nil	Nil	20,000	-	-	20,000
A.PoornachandraRao	None	Nil	Nil	45,000	-	-	45,000
K. NarasimhaRao	None	Nil	Nil	45,000	-	-	45,000

## V. INVESTOR GRIEVANCE COMMITTEE

### Terms of Reference:

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non-receipt of Dividend and other allied complaints.

### Composition of the Committee:

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category
Mr. A. Vijayavardhan Reddy	Chairman	NED
Mr. K. Narasimha Rao	Member	NED (I)
Mr. A. Poornachandra Rao	Member	NED (I)

The Board has designated Ms. Y. K. Priyadarshini, Company Secretary as the Compliance Officer.

The Company has designated exclusive e-mail Ids called [secretarial@viceroyp-hotels.com](mailto:secretarial@viceroyp-hotels.com) and [companysecretary@viceroyp-hotels.com](mailto:companysecretary@viceroyp-hotels.com) for redressal of shareholders complaints / grievances.

### Complaints received and redressed by the Company during the financial year:

During the year under review, 3 (three) complaints of general nature were received from the shareholders which were attended promptly and replied/resolved to the satisfaction of the concerned shareholders. There were no pending complaints at the close of the financial year.

## VI. GENERAL BODY MEETINGS

a) Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year	Venue	Date and Time
2012-2013	Hotel Marriott Convention Centre, Hyderabad	27-09-2013 at 11.00 AM
2011-2012	Hotel Marriott Convention Centre, Hyderabad	25-09-2012 at 11.00 AM
2010-2011	Hotel Marriott Convention Centre, Hyderabad	27-09-2011 at 11.00 AM

b) No Special Resolutions were passed in the previous three Annual General Meetings.

c) Special Resolution passed through postal ballot – details of voting pattern:

The Company did not pass any special resolution through Postal Ballot. However, the Company has conducted a postal ballot for passing a Ordinary Resolution for the Sale of 'Chennai project Division' of the Company comprising the 'Chennai Hotel Project' and 'Chennai Residential Project' to 'Ceebros Hotels Private Limited', Chennai, for a total cash consideration of Rs. 480 crores.

### Details of Voting Pattern:

Date of Special Resolution	Votes cast in Favour (No. & %)	Votes cast in Against (No. & %)	Result
June 17, 2013	11262372 & 99.94%	6785 & 0.06%	Passed with requisite majority



### Detail of Persons, who conducted the postal ballot exercise:

The entire process of postal ballot exercise was conducted by Mr. P. Prabhakar Reddy, Managing Director and Mr. M. Satish Choudhury, then Company Secretary under the overall supervision of the Scrutinizer Ms. N. Vanitha, Practicing Company Secretary, Hyderabad.

### VII. OTHER DISCLOSURES

- a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- d) The Company has complied with all the mandatory requirements of Clause 49.
- e) There were no material pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company, other than payment of Board fees/commission and investments (if any) in shares / securities of the Company.
- f) Managing Director and Chief Financial Officer (CFO) of the Company has furnished the requisite Certificate to the Board of Directors under Clause 49 of the Listing Agreement.

### VIII. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in one English newspaper 'Business Standard' and at least one vernacular newspaper 'Andhra Prabha' shortly after its submission to the Stock Exchanges. The results are also displayed on the Company's web-site i.e. [www.viceroyhotels.com](http://www.viceroyhotels.com)

### IX. GENERAL SHAREHOLDERS INFORMATION

#### a) 49<sup>th</sup> Annual General Meeting:

Date and Time	Friday, the 26th September, 2014 at 11.00 AM
Venue	Hotel Marriott Convention Centre, Lower Tank Bund, Hyderabad- 500080, AP

**b) Book Closure Date** : Friday, September 19, 2014 to Friday, September 26, 2014 (inclusive of both days)

#### c) Financial Year and Calendar 2014-15

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Agreement.

#### d) Listing on Stock Exchanges:

- 1) National Stock Exchange of India Limited (NSE)
- 2) BSE Limited (BSE)



- e) **Listing Fees** : Listing fee for the year 2014-15 has been paid
- f) **Stock ID/Code** : NSE: **VICEROY** ; BSE: **523796**
- g) **ISIN** : **INE048C01017**
- h) **Stock Price Data:**

MONTH	NSE			BSE		
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High (Rs.)	Low (Rs.)	No. of Shares Traded
April 2013	19.55	18.75	15764	21.65	16.00	1085452
May 2013	19.15	18.55	14873	25.00	18.55	1177591
June 2013	16.65	16.1	5396	19.20	16.00	145135
July 2013	16.20	14.95	39122	18.35	15.00	1222114
August 2013	15.60	15.00	24273	17.70	13.55	846544
September 2013	15.75	15.20	12355	16.80	14.80	131627
October 2013	19.55	17.65	558044	19.50	15.20	914088
November 2013	16.35	15.50	6866	18.75	15.35	182759
December 2013	19.05	16.00	602576	19.20	14.75	595265
January 2014	16.35	15.80	9062	22.55	15.75	2385530
February 2014	16.20	15.25	509189	17.55	15.50	200609
March 2014	16.20	15.85	25738	17.45	15.00	304949

**i) Registrar & Share Transfer Agents (for both physical and demat mode):**

**Aarhi Consultants Private Limited**

1-2-285, Domalaguda, Hyderabad- 500029

Phones: 040-27638111, 040-66611921;

Fax: 040-27632184

Email: info@aarhiconsultants.com;

Website: www.aarhiconsultants.com

**j) Share Transfer System:**

Share transfer requests, which are received in physical form, are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

The Company appointed M/s. Aarhi Consultants Private Limited as the Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the share transactions of the Company.

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

**k) Shareholding Pattern as on March 31, 2014:**

Category	No. of Shares	Percentage
Promoters	1,11,61,035	26.32
Financial Institutions / Banks	10,100	0.02
Foreign Institutional Investors	5,28,418	1.25
Bodies Corporate	56,26,140	13.27
NRIs	4,80,854	1.13
Mutual Funds	NIL	NA
Indian Public	2,39,75,684	56.54
Trusts	1,02,100	0.24
Clearing Members	5,20,893	1.23
<b>Total</b>	<b>4,24,05,224</b>	<b>100.00</b>

**l) Distribution of Shareholding as on March 31, 2014:**

Sl. No	CATEGORY	HOLDERS	HOLDERS PERCENT AGE	SHARES	AMOUNT	AMOUNT PERCENT AGE
1	1 - 5000	20168	83.55	30,73,318	3,07,33,180	7.25
2	5001 - 10000	1932	8.00	16,55,462	1,65,54,620	3.90
3	10001 - 20000	932	3.86	14,72,165	1,47,21,650	3.47
4	20001 - 30000	335	1.39	8,63,843	86,38,430	2.04
5	30001 - 40000	137	0.57	4,92,528	49,25,280	1.16
6	40001 - 50000	169	0.70	8,05,480	80,54,800	1.90
7	50001 - 100000	234	0.97	17,48,160	1,74,81,600	4.12
8	100001 & Above	231	0.96	3,22,94,268	32,29,42,680	76.16
	<b>Total:</b>	<b>24138</b>	<b>100.00</b>	<b>4,24,05,224</b>	<b>42,40,52,240</b>	<b>100.00</b>

**m) Dematerialization of Shares:**

The Company's Equity Shares are held in dematerialized form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN INE048C01017. As on March 31, 2014, 96.66% of the totals shares of the Company have been dematerialized.

**n) Outstanding: GDR/ADR/Warrants/Options/any convertible instruments:**

As on March 31, 2014 the Company has no outstanding GDR /ADR/Warrants/ Options/any other convertible instruments.

**o) Location of Hotels, Restaurants, and Projects under execution:**
**Hotels:**

- 1) Hotel Marriott at Lower Tank Bund Road, Hyderabad
- 2) Hotel Courtyard at Lower Tank Bund Road, Hyderabad

**Restaurants:**

- 1) Eat Street & Water Front Restaurants at Necklace Road, Hyderabad
- 2) Minerva Coffee Shops at Hyderabad and Vijayawada

- 3) Bluefox Bar & Restaurants at Hyderabad and Vijayawada
- 4) BreadTalk outlets at Hyderabad, Mumbai, Bangalore and Gurgaon

**Projects under execution:**

- 1) A 277 Room First Class Five Star Hotel to be branded as “Renaissance” at Race Course Loop Lane, Bangalore (being executed by an Associate Company)

**p) Address for Investors Correspondence:**

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Company’s Registrar and Share Transfer Agents and/or to the Company at the following address:

**Registrar and Share Transfer Agents (RTA):**

M/s. Aarathi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad- 500029  
Tel: 040-27638111, 040-66611921;  
Fax: 040-27632184  
Email: info@aarthiconsultants.com  
Website: www.aarthiconsultants.com

**Company:**

M/s. Viceroy Hotels Limited  
8-2-120/115/14, 5th Floor, Shangrila Plaza  
Road No.2, Banjara Hills, Opp. KBR Park, Hyderabad – 500034  
Tel: 040-40349999; Fax: 040-40349828  
Email: secretarial@viceroyhotels.com /  
companysecretary@viceroyhotels.com  
Website: www.viceroyhotels.com

**Registration of e-mail Id for servicing of documents by the Company under the Companies Act, 1956:**

Members holding shares in dematerialized form are requested to provide/refresh/update their email address with their respective Depository Participants (DPs). And Members holding shares in physical form and who are desirous of receiving the Annual Reports / communication / documents in electronic form are requested to provide their email address to gogreen\_phl@aarthiconsultants.com or send requests along with your folio no. to our RTA at above mentioned address.

**q) CEO Certification:**

As required by the clause 49 (V) of the Listing Agreement, the certificate from the Managing Director was placed before the Board of Directors.

**r) Compliance Certificate of the Auditors:**

The Statutory Auditor has certified that the Company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

**DECLARATION BY MANAGING DIRECTOR / CEO**

I, **P. Prabhakar Reddy**, Managing Director of Viceroy Hotels Limited hereby declare that for the year ended March 31, 2014 all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them.

Hyderabad  
August 5, 2014

Sd/-  
**P. Prabhakar Reddy**  
Managing Director

## **Certificate by CEO / CFO :**

Pursuant to the provisions Clause 41 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the year ended March 31, 2014:

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. 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.
- b. 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 volatile of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we 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 they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Hyderabad  
August 5, 2014

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

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## **Auditor's Certificate On Compliance Of Conditions Of Corporate Governance:**

To

The Members of Viceroy Hotels Limited

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of Viceroy Hotels Limited ("the Company") for the year ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the "Guidance note on Certification of Corporate governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above mentioned listing agreement.

We 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.

Hyderabad  
August 5, 2014

**M/s. P. MURALI & CO**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 23412

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**VICEROY HOTELS LIMITED**  
Report on the Financial Statements:

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

### **Management's Responsibility for the Financial Statements:**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section(3C)of Section 211 of the Companies Act,1956('the Act')read with the General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act,2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility:**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion:**

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014; and
- (b) In the case of the Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. **As required by section 227(3) of the Act, we report that:**
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company.
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section(3C)of Section 211 of the Companies Act,1956('the Act')read with the General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act,2013.
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For P. MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

Place : Hyderabad  
Date : 22-05-2014

Sd/-  
**P. MURALI MOHANA RAO**  
**Partner**  
Membership No. 023412

## **ANNEXURE TO THE AUDITORS' REPORT**

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- III. (a) The Company has not granted any loans, unsecured to/from Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956..
- (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 prejudicial to the interest of Company, is not applicable.
- (c) As no loans are granted by the Company, the clause of receipt of interest & principal amount from parties, is not applicable to the Company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/s 301 of the Companies Act, 1956. Hence, over due Amount of more than one lakh does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s 301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of Company, is not applicable.
- (g) As no loans are taken by the Company, the clause of repayment of interest & principal amount to parties is not applicable to the Company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.





- V. (a) According to the information and explanations provided by management, no contracts or arrangements is entered with the parties listed in the register under section 301, therefore applicability of the clause regarding the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 does not arise.
- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us no order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. (a) The Company is generally regular in depositing statutory dues including PF, ESI, Service Tax with the appropriate authorities and at the end of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable. However in Respect of TDS & WCT an amount of Rs. 2,21,54,450/- is outstanding which were due for more than 6 months from the date they became payable (i.e Year-wise 2011-12 is Rs.1,13,21,895/-, 2012-13 is Rs.85,94,111/- and 2013-14 is Rs.8,79,138/- and year 2011-12 WCT is Rs. 13,59,306/-).
- (b) b. According to the information and explanations given to us, there is no disputed amount payable in respect of PF, ESI, Income Tax, Cess etc.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has defaulted in repayment of dues amounting to Rs.101.58 Crores towards principal and Rs. 90.55 crores towards interest to financial Institutions and Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has given corporate guarantee for loan taken by M/s Crustums Products Pvt Ltd., from Oriental bank of commerce and the terms and conditions are not prejudicial to the interest of the company.
- XVI. According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the Company.

- XVII. According to the information given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment and vice-versa during the year under audit.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company has issued 500 debentures of Rs.10,00,000/- each on 21st March 2007 and the has created the security for the debentures issued by the company.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

Place : Hyderabad  
Date : 22-05-2014

**For P. MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
**Partner**  
Membership No. 023412

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

PARTICULARS	Note No.	AS ON 31-03-2014 (₹)	AS ON 31-03-2013 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	42,40,52,240	42,40,52,240
(b) Reserves and Surplus	2	56,07,79,465	1,86,63,43,765
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	3,46,07,95,310	7,57,64,11,862
(b) Deferred Tax Liabilities (Net)	4	17,10,36,529	17,39,17,055
(c) Other Long Term Liabilities	5	1,32,72,556	1,44,20,211
(d) Long Term Provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	6	11,15,52,095	3,08,96,061
(b) Trade Payables	7	35,74,05,328	53,76,65,693
(c) Other Current Liabilities	8	1,73,50,07,463	3,48,11,20,993
(d) Short-Term Provisions	9	11,79,70,871	10,72,09,723
<b>Total</b>		<b>6,95,18,71,857</b>	<b>14,21,20,37,543</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	1,81,30,01,524	3,40,03,14,269
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		2,64,92,44,572	8,66,89,00,154
(iv) Intangible assets under development		-	-
(b) Non-current investments	11	70,38,27,244	63,02,62,770
(c) Long Term Loans and advances	12	1,54,00,32,809	1,26,60,34,527
(d) Other Non-Current assets	13	90,57,063	24,82,200
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	14	61,61,467	69,67,744
(c) Trade receivables	15	18,32,27,686	18,12,87,751
(d) Cash and Bank Balances	16	1,10,48,323	2,25,96,316
(e) Short-Term Loans and Advances	17	3,62,71,169	3,31,91,812
(f) Other Current assets		-	-
<b>Total</b>		<b>6,95,18,71,857</b>	<b>14,21,20,37,543</b>

Significant Accounting Policies Notes to Financial Statements

1 to 42

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-

**P. PRABHAKAR REDDY**

Managing Director

Sd/-

**A. VIJAYAVARDHAN REDDY**

Director

Sd/-

**K. GURAVA RAJU**

Chief Financial Officer

Sd/-

**Y. K. PRIYADARSHINI**

Company Secretary

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

PARTICULARS	Note No.	Year Ended 31-03-2014 ( ₹ )	Year Ended 31-03-2013 ( ₹ )
I. Revenue from Operations	18	71,02,49,556	72,18,91,266
II. Other Income	19	24,27,810	18,77,423
<b>III. Total Revenue (I +II)</b>		<b>71,26,77,366</b>	<b>72,37,68,689</b>
IV. Expenses:			
Cost of Materials Consumed/ Cost of Software Development	20	7,90,38,819	7,78,64,000
Employee Benefit Expenses	21	14,01,33,726	13,83,17,000
Other Operating Expenses	22	12,16,00,587	11,15,86,049
Administrative Expenses	23	8,60,56,689	9,21,86,951
Financial costs	24	23,13,71,454	22,70,05,707
Depreciation and amortization expense	10	13,41,97,779	13,31,56,003
<b>Total Expenses</b>		<b>79,23,99,054</b>	<b>78,01,15,710</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		(7,97,21,687)	(5,63,47,021)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		( 7,97,21,687)	(5,63,47,021)
VIII. Extraordinary Items ( Loss on Sale of Chennai Project Division)		1,22,87,23,137	-
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>(1,30,84,44,824)</b>	<b>(5,63,47,021)</b>
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(28,80,525)	14,94,179
XI. Profit(Loss) from the period from Continuing Operations ( VII - VIII)		(1,30,55,64,299)	(5,78,41,200)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>(1,30,55,64,299)</b>	<b>(5,78,41,200)</b>
XVI. Earning per equity share:			-
(1) Basic		(30.79)	(1.36)
(2) Diluted		(30.79)	(1.36)

Significant Accounting Policies Notes to Financial Statements

1 to 42

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**Y. K. PRIYADARSHINI**  
Company Secretary

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 1 : SHARE CAPITAL</b>			
<b>A Equity Share Capital</b>			
(a)	Authorised		
	(No. of Equity Shares 4,50,00,000 Current Year)	45,00,00,000	-
	(No. of Preference Shares 10,00,000 Current Year)	10,00,00,000	-
	(No. of Equity Shares 4,50,00,000 Previous Year)	-	45,00,00,000
	(No. of Preference Shares 10,00,000 Previous Year)	-	10,00,00,000
	<b>Total Authorised Share Capital</b>	<b>55,00,00,000</b>	<b>55,00,00,000</b>
(b)	Issued		
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240
(c)	Subscribed & Fully Paid Up		
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240
(d)	Subscribed & not fully paid up	-	-
	<u>Par Value</u> : Per Equity Share Rs. 10/-		
	Per Preference Share Rs. 100/-		
	<b>Total Equity Share capital</b>	<b>42,40,52,240</b>	<b>42,40,52,240</b>

**B A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

(Equity Shares of Rs. 10/- Each, Fully paid up)

At the Beginning	4,24,05,224	4,24,05,224
Issued during the year - Bonus Issue	-	-
Issued during the year - Cash Issue	-	-
Issued during the year - ESOP	-	-
Forfeited / Bought Back during the year	-	-
At the end	4,24,05,224	4,24,05,224

**C Details of Shareholder holding more than 5% shares of the Company:**

(Equity Shares of Rs. 10 each Held By)

Name of Shareholder	No. of Shares		% of Share Holding	
	Current Year	Previous Year	Current Year	Previous Year
(1) Jhunjhunwala Rakesh Radheshyam	57,07,566	57,07,566	13.46	13.46
(2) P. Chakradhar Reddy	41,03,651	40,41,453	9.68	9.53
(3) REL Utility Engineers Limited	25,00,000	25,00,000	5.90	5.90

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 2 : RESERVES AND SURPLUS</b>			
a) Capital reserve			
	As at the commencement of the year	74,33,996	74,33,996
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>74,33,996</b>	<b>74,33,996</b>
b) Securities Premium Reserve			
	As at the commencement of the year	1,71,77,85,670	1,71,77,85,670
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>1,71,77,85,670</b>	<b>1,71,77,85,670</b>
c) Debenture redemption reserve			
	As at the commencement of the year	5,00,00,000	5,00,00,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
d) Revaluation reserve			
		79,19,430	79,19,430
e) General Reserves			
	As at the commencement of the year	3,20,25,000	3,20,25,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>3,20,25,000</b>	<b>3,20,25,000</b>
f) Surplus :			
	i) Opening Balance - Profit and Loss Account	5,11,79,669	10,90,20,870
	Add: Transfer from Profit & Loss Account	(1,30,55,64,299)	(5,78,41,201)
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
	<b>Sub Total</b>	<b>(1,25,43,84,630)</b>	<b>5,11,79,669</b>
	<b>Total Reserves and Surplus</b>	<b>56,07,79,465</b>	<b>1,86,63,43,765</b>
<b>NOTE NO. 3 : LONG TERM BORROWINGS</b>			
<b>Long Term borrowings</b>			
a) Bonds/debentures			
	Secured (500 Bonds, Face Value - Rs. 10,00,000/-, 14% Interest)	42,50,00,000	42,50,00,000
		<b>42,50,00,000</b>	<b>42,50,00,000</b>

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
b) i)	Term Loans		
	From Banks	1,55,73,57,208	4,27,28,89,095
	From Financial Institutions	13,83,60,000	13,83,60,000
	From Others	4,22,29,064	4,02,42,146
	<b>Sub Total</b>	<b>1,73,79,46,272</b>	<b>4,45,14,91,241</b>
ii)	Un Secured Loans		
	From Others	1,29,78,49,038	2,69,99,20,621
	<b>Sub Total</b>	<b>1,29,78,49,038</b>	<b>2,69,99,20,621</b>
	<b>Total Long Term Borrowings</b>	<b>3,46,07,95,310</b>	<b>7,57,64,11,862</b>
<b>NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )</b>			
	Opening Deferred Tax Liability	17,39,17,055	17,24,22,876
	Add: Deferred Tax Liability for the year ( Due to SLM and WDV Difference )	(28,80,525)	14,94,179
	Deferred Tax Liability for the year ( Due to Others )	-	-
	<b>Gross Deferred tax Liability</b>	<b>17,10,36,530</b>	<b>17,39,17,055</b>
<b>NOTE NO. 5 : OTHER LONG TERM LIABILITIES</b>			
a)	Trade Payables & Others		
	- Advance from Customers	1,32,72,556	1,44,20,211
	<b>Total Long Term Liabilities</b>	<b>1,32,72,556</b>	<b>1,44,20,211</b>
<b>NOTE NO. 6 : SHORT TERM BORROWINGS.</b>			
<b>Short term borrowings</b>			
a)	Cash Credits and Working Capital Demand Loan from Banks		
	- Secured	7,23,02,186	3,08,96,061
b)	Advances Payable	3,92,49,910	-
	<b>Total Short Term Borrowings</b>	<b>11,15,52,096</b>	<b>3,08,96,061</b>
<b>NOTE NO. 7 : TRADE PAYABLES</b>			
a)	Trade Payables(creditors)	35,74,05,328	53,76,65,693
	<b>Total Trade Payables</b>	<b>35,74,05,328</b>	<b>53,76,65,693</b>
<b>NOTE NO. 8 : OTHER CURRENT LIABILITIES</b>			
a)	Current maturities of long term debt	78,51,00,000	1,74,57,36,000
b)	interest accrued but not due on borrowings	38,60,049	38,60,049
c)	Interest accrued and due on borrowings.	88,10,12,221	1,66,13,64,189
d)	Other Payables ( Specify the nature.)		
	(i) Rent Payable	-	-
	(ii) Audit Fee Payable	19,27,220	14,77,780

### Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
	(iii) Electricity Charges Payable	22,03,173	18,81,292
	(iv) Bonus Payable	-	-
	(v) Statutory Liabilities	5,61,63,775	5,39,33,908
	(vi) PF & ESI Payable	14,60,314	83,45,651
	(vii) Salaries Payable	30,88,948	38,43,263
	(viii) Other Payable (WCT Payable), Ser. Tax Payable	1,91,764	6,78,861
	<b>Total Other Current Liabilities</b>	<b>1,73,50,07,463</b>	<b>3,48,11,20,993</b>

#### NOTE NO. 9 : SHORT TERM PROVISIONS

##### a) Provisions for employee benefits

Provision for Gratuity	1,08,73,114	96,47,945
Provision for Bonus	34,87,361	82,51,278
Provision for Management Deferred License	6,04,61,792	4,90,94,282
Provision for accruals	1,19,16,382	92,40,786

##### b) Others

Provision for Income Tax	13,77,599	13,77,599
Provision for MAT	1,81,41,978	2,05,85,188
Provision for FBT	74,919	74,919
Provision for Bad and Doubtful Debts	1,16,37,726	89,37,726

#### **Total Short Term Provisions**

**11,79,70,871**

**10,72,09,723**



## NOTE NO 10 : FIXED ASSETS :

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block As at 01-04-2013	Additions During the Year	Sale / Deletions During the year	Total Cost as at 31-03-2014	As on 01-04-2013	For the Year	Adjustments During the Year	Total as at 31-03-2014	As on 31-03-2014	As on 31-03-2013
Land	1,65,88,58,105	-	1,48,55,61,275	17,32,96,830	-	-	-	-	17,32,96,830	1,65,88,58,105
Building	1,62,77,76,035	-	-	1,62,77,76,035	46,52,15,797	5,43,67,720	-	51,95,83,517	1,10,81,92,518	1,16,25,60,238
Furniture & Fixtures	37,66,85,113	2,95,639	-	37,69,80,752	24,21,86,778	2,38,52,374	-	26,60,39,152	11,09,41,600	13,44,98,335
Air Conditioners	16,04,27,348	-	-	16,04,27,348	8,55,27,381	76,20,299	-	9,31,47,680	6,72,79,668	7,48,99,967
Electrical Fittings	19,72,61,937	22,19,704	-	19,94,81,641	8,09,97,792	94,19,563	-	9,04,17,355	10,90,64,286	11,62,64,145
Vehicles	7,53,73,277	1,96,99,310	2,00,45,314	7,50,27,273	3,31,86,015	80,85,473	1,36,37,723	2,76,33,765	4,73,93,508	4,21,87,262
Plant and machinery	7,96,33,252	63,90,047	-	8,60,23,299	2,79,41,196	39,98,846	-	3,19,40,042	5,40,83,257	5,16,92,056
Generator	13,65,000	-	-	13,65,000	4,43,030	64,838	-	5,07,868	8,57,133	9,21,970
Misc. Fixed Asset	38,10,17,050	1,59,66,425	1,15,80,297	38,54,03,178	22,25,84,860	2,67,88,667	58,63,074	24,35,10,453	14,18,92,725	15,84,32,190
<b>Total</b>	<b>4,55,83,97,117</b>	<b>4,45,71,125</b>	<b>1,51,71,86,886</b>	<b>3,08,57,81,356</b>	<b>1,15,80,82,849</b>	<b>13,41,97,779</b>	<b>1,95,00,796</b>	<b>1,27,27,79,831</b>	<b>1,81,30,01,525</b>	<b>3,40,03,14,268</b>
Previous Year	4,55,24,43,121	71,36,966	11,82,970	4,55,83,97,117	1,02,57,60,703	13,31,56,003	8,33,859	1,15,80,82,848	3,40,03,14,269	3,52,66,82,417

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 11 : NON- CURRENT INVESTMENTS</b>			
<b>Non- Current Assets</b>			
1) Investment in Subsidiaries			
a) Equity Shares			
<b>Unquoted</b>			
	27,44,530 Shares of Rs.10/- each with a premium of Rs.15.64/- in Café'd lake Pvt Ltd	7,03,69,750	7,03,69,750
	40,00,000 Shares of Rs.10/- each in Crustum Products Pvt. Ltd	4,00,00,000	4,00,00,000
	46,69,267 Shares of Rs. 10/- each in Minerva Hospitalities Pvt Ltd	4,66,92,670	4,66,92,670
	10,000 Shares of Rs.10/- each in Viceroy Chennai Hotels & Resorts Pvt.Ltd	1,00,000	1,00,000
	<b>Sub Total</b>	<b>15,71,62,420</b>	<b>15,71,62,420</b>
2) Investments in Associate			
a) Equity Shares			
<b>Unquoted</b>			
	60,00,000 Shares of Rs.10/- each in Viceroy Banglore Hotels Pvt. Ltd	54,66,64,825	47,31,00,350
	<b>Sub Total</b>	<b>54,66,64,825</b>	<b>47,31,00,350</b>
	<b>Total Non Current Investments</b>	<b>70,38,27,245</b>	<b>63,02,62,770</b>
<b>NOTE NO. 12: LONG TERM LOANS AND ADVANCES</b>			
<b>Capital Advances</b>			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	48,81,75,732	40,98,24,719
	<b>Sub Total</b>	<b>48,81,75,732</b>	<b>40,98,24,719</b>
<b>Security Deposit</b>			
	Secured, Considered Good	4,57,64,032	3,79,54,762
	Unsecured, Considered Good	-	-
	<b>Sub Total</b>	<b>4,57,64,032</b>	<b>3,79,54,762</b>
<b>Secured, Considered Good</b>			
<b>Loans &amp; Advances to Related Party (Refer Note No.36)</b>			
	Subsidiary Company Advances	67,23,44,838	41,30,29,422
	Loans & Advances to Related Parties	18,93,90,020	21,32,31,612
	<b>Sub Total</b>	<b>86,17,34,858</b>	<b>62,62,61,034</b>
<b>Secured, Considered Good</b>			
	Loans Receivable	5,62,10,226	14,79,99,035
	Advances Recoverable in Cash or in kind	8,81,47,961	4,39,94,977
	<b>Sub Total</b>	<b>14,43,58,187</b>	<b>19,19,94,011</b>
	<b>Total Long Term Loans and Advances</b>	<b>1,54,00,32,809</b>	<b>1,26,60,34,527</b>

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 13 : OTHER ASSETS ( CURRENT &amp; NON CURRENT )</b>			
	Unamortised Expenses	-	13,09,247
	Rent Receivable	90,57,063	11,72,953
	<b>Total Other Assets</b>	<b>90,57,063</b>	<b>24,82,200</b>
<b>NOTE NO. 14 : INVENTORIES</b>			
<b>a) Finished goods</b>			
	(i) Food Inventory	11,82,860	9,31,161
	(ii) Beverage Inventory	48,74,460	34,32,403
	(iii) Linen Inventory	-	-
	(iv) General Inventory	-	18,96,699
	(v) Printing & Stationery	-	83,949
	(vi) Tobacco Inventory	1,04,147	46,423
	(vii) Diesel Inventory	-	5,77,109
	<b>Total Inventories</b>	<b>61,61,467</b>	<b>69,67,744</b>
<b>NOTE NO. 15 : TRADE RECEIVABLES</b>			
<b>Other Receivables:</b>			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	18,32,27,687	18,12,87,751
	<b>Total Trade Receivables</b>	<b>18,32,27,687</b>	<b>18,12,87,751</b>
<b>NOTE NO. 16 : CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents :</b>			
<b>a) Balances with banks :</b>			
	1) On Current Accounts	72,33,120	74,21,981
	b) Cash on hand	37,72,203	3,61,776
	<b>Sub total</b>	<b>1,10,05,323</b>	<b>77,83,757</b>
<b>Other Bank Balances</b>			
<b>On Deposit Accounts</b>			
	1) Having Maturity more than 12 months from the date of deposit	43,000	1,48,12,559
	<b>Sub total</b>	<b>43,000</b>	<b>1,48,12,559</b>
	<b>Total Cash and Cash Equivalents</b>	<b>1,10,48,323</b>	<b>2,25,96,316</b>
<b>NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES</b>			
<b>Secured, Considered Good</b>			
	Loans and Advances to Employees	7,50,063	7,41,813
	Prepaid Expense	2,14,84,216	1,83,12,619
	Advances Recoverable in Cash or in kind	1,40,36,891	1,41,37,380
	<b>Total Short Term Loans and Advances</b>	<b>3,62,71,169</b>	<b>3,31,91,812</b>

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	Year Ended 31-03-2014 (₹)	Year Ended 31-03-2013 (₹)
<b>NOTE NO. 18 : REVENUE FROM OPERATIONS</b>			
<b>Revenue from operations in respect of non-finance Company</b>			
	(a) Sale of Products	66,77,39,599	67,81,40,834
	(b) Sale of Services	-	-
	(c) Other Operating Revenues	4,25,09,957	4,37,50,432
	Less: Excise Duties	-	-
	<b>Total Revenue from Operations</b>	<b>71,02,49,556</b>	<b>72,18,91,266</b>
<b>NOTE NO. 19 : OTHER INCOME</b>			
	(a) Interest income	22,39,810	18,69,203
	(b) Dividend Income	-	-
	(c) Other non-operating income	1,88,000	8,220
	(d) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	-	-
	<b>Total Other Income</b>	<b>24,27,810</b>	<b>18,77,423</b>
<b>NOTE NO. 20 : COST OF MATERIALS</b>			
<b>Food &amp; Beverages</b>			
	Opening Stock	69,67,744	80,61,974
	Add : Purchases During the year	7,82,32,542	7,67,69,770
	Less : Closing Stock	61,61,467	69,67,744
	<b>Total Cost of Material Consumed</b>	<b>7,90,38,819</b>	<b>7,78,64,000</b>
<b>NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES</b>			
	(a) Salaries & Wages	12,73,07,481	12,41,82,730
	(b) Contribution to Provident & Other Funds	1,06,17,045	1,10,50,619
	(c) Managerial Remuneration	21,00,000	30,00,000
	(d) Staff Welfare Expenses	1,09,200	83,651
	<b>Total Employee Benefit Expenses</b>	<b>14,01,33,726</b>	<b>13,83,17,000</b>
<b>NOTE NO. 22 : OTHER OPERATING EXPENSES</b>			
	(a) Power & Fuel	7,61,43,990	7,05,33,000
	(b) Repairs to Building	15,67,392	25,32,690
	(c) Insurance	28,57,961	21,24,883
	(d) Rates & Taxes (excluding Income Tax)	30,34,917	23,13,295
	(e) Miscellaneous Expenditure	1,26,17,712	1,69,53,824
	(f) Payment to Auditors:		
	(i) As Auditor	4,49,440	4,49,440

### Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	Year Ended 31-03-2014 (₹)	Year Ended 31-03-2013 (₹)
	(g) Net loss on foregin currency transaction	9,34,572	22,30,499
	(h) Net loss on sale of Assets	86,52,315	2,13,769
	(i) Repairs & maintenance	1,53,42,288	1,42,34,649
	<b>Total Other Expenses</b>	<b>12,16,00,587</b>	<b>11,15,86,049</b>

#### NOTE NO. 23 : ADMINISTRATIVE EXPENSES

	(a) Telephone, Postage and Others	22,10,813	28,15,134
	(b) Business Promotion Expenses	6,50,06,261	6,68,19,463
	(c) Conveyance	1,11,19,154	1,09,60,770
	(d) Office Maintenance	17,84,156	17,76,949
	(e) Printing & Stationery Expenses	25,82,153	32,63,829
	(f) Consultancy Charges	9,000	18,000
	(g) Fright expenses	7,342	4,100
	(h) Laundry expenses	6,37,810	7,29,950
	(i) Bad debts written off	27,00,000	57,98,756
	<b>Total Administrative Expenses</b>	<b>8,60,56,689</b>	<b>9,21,86,951</b>

#### NOTE NO. 24 : FINANCE COST

	(a) Interest Expenses	-	-
	- Interest on Term loans	16,80,20,769	16,63,28,402
	- Interest on Axis Bank - NCD'S	5,94,99,999	5,98,26,026
	- Interest on Unsecured Loan	-	-
	- Loan processing Charges & Bank Charges	12,57,995	8,51,279
	- Interest on OD	25,92,691	
	<b>Total Finance Cost</b>	<b>23,13,71,454</b>	<b>22,70,05,707</b>



## Significant Accounting Policies

The financial statements are prepared under the historical cost convention, on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006. The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. The significant accounting policies adopted in the presentation of the financial statements are as under:

**(a) Basis of preparation of financial Statements.**

The financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956.

**b) Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

**(c) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from restaurant and sweet shop sales (food and beverages) is recognized upon rendering of service. Sales are net of discounts. Value added tax is reduced from sales.

The Company also operates through franchise arrangements with third parties in terms of which the third parties are permitted to use the Company's established trademarks :

- Initial Access Premium Fee charged to franchisees, in consideration of being considered as competent to open a restaurant under a Company owned trademark, is recognized on formalization of the franchise agreement. The Initial Access Premium Fee is non – refundable, regardless of whether the restaurant outlet under the franchise agreement commences operations or not.

- Royalty and Management Fee charged to franchisees for the use of the trademarks is calculated as a percentage of monthly sales of the restaurant and accrued for in line with restaurant sales.

Revenue from displays and sponsorships are recognized based on the period for which the products or the sponsor's advertisements are promoted /displayed.

In respect of gift vouchers and point awards scheme operated by the company, sales are recognized when the gift vouchers or points are redeemed and on sale of meals to customers.

**(d) Employee Benefits:**

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans such as gratuity which fall due for payment after completion of employment are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognized immediately in the Statement of Profit and Loss.

**(e) Investments**

Investments are classified as current or long term in accordance with Accounting Standard 13 on Accounting for Investments.

Current investments are stated at the lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

**(f) Fixed Assets:****(i) Tangible Assets**

Tangible Assets are stated at their cost of acquisition less accumulated depreciation and impairment losses.

Cost comprises of all costs incurred to bring the assets to their present location and working condition.

Assets acquired under finance leases are accounted for at the inception of the lease in accordance with Accounting Standard 19 on Leases at the lower of the fair value of the asset and present value of minimum lease payments.

**(ii) Intangible assets**

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

The company capitalizes software costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over the management's estimate of its useful life of five years.

Trademarks are amortized uniformly over a period of five years.

**(g) Depreciation:**

Depreciation on assets is provided, pro-rata for the period of use, by the written down value method at the rates prescribed in Schedule XIV to the Act. Assets costing less than Rs. 5,000 are depreciated at 100%.

Leasehold improvements are depreciated over the lower of the lease period and the management's estimate of the useful life of the asset.

The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

**(h) Impairment of Assets:**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount on these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flow to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised.

**(i) Transactions in Foreign Exchange:**

Transactions in foreign currencies are accounted for at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an existing asset/liability, are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium / Discount on forward exchange contracts is amortized over the period of the contract.

**(j) Borrowing Cost:**

- i. Interest and other borrowing costs, attributable to qualifying assets are capitalised.
- ii. Interest not attributable to qualifying assets is charged to the Profit and Loss Account in the year in which it is incurred.
- iii. Debenture issue costs and the entire premium on redemption of Debentures are adjusted against the Securities Premium Account in accordance with the provision of Section 78 of the Companies Act, 1956.
- iv. Other Borrowing Costs are charged to revenue account over the tenure of the borrowing.

**(k) Inventories:**

Stock of food and beverages and operating supplies are carried at cost or Market Value, whichever is lower as per AS-2.

Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost of materials is determined by the FIFO method.

**(l) Taxes on income:**

- (i) Income tax is computed in accordance with Accounting Standard 22-'Accounting for Taxes on Income (AS-22), issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- (ii) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liabilities recorded for timing differences, i.e. differences that originate in one accounting period and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.
- (iii) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**(m) Accounting for provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized in terms of Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI., when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the financial statements.

**(n) Earnings per Share:**

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed 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. Diluted EPS is computed 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 as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.



## Notes to Financial Statements

### 25. Basic Earnings Per Share (Basic EPS)

Particulars	Current Year Rs.	Previous Year Rs.
Net Profit after Tax	(1,30,55,64,299)	(5,78,41,201)
Weighted Average Number of Shares Considered	4,24,05,224	4,24,05,224
EPS	(30.79)	(1.36)

### 26. In relation of provision for Current Tax, Deferred Tax:

Particulars	Current Year Rs.	Previous Year Rs.
Provision for Income Tax/ Deferred Tax	(28,80,525)	14,94,179

### 27. In relation of Managerial Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Salaries	21.00	30.00

### 28. Auditors Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Audit Fees Including Service Tax	4.49	4.49

29. According to the information available with the Company, there are no amounts as at 31st March, 2014, due to suppliers who constitute a "small industrial undertaking".

### 30. Contingent Liabilities not provided for in respect of:-

i) Claims against the company pending appellate/ judicial decisions:

a) E.S.I	Rs. 67,70,937/- ( Previous Year Rs. 67,70,937/-)
b) Income Tax	AY 2004-05 Rs. 25,95,736 & AY 2005-06 Rs. 73,14,584/-

ii) Guarantees:

Guarantees given to bank for the Bank Guarantee limits availed by the company towards EPCG Bonds given to DGFT, Hyderabad	Rs. 16,22,500/-
Previous Year	Rs. 16,22,500/-

iii) Corporate Guarantee given to subsidiary company M/s Crustum Products Pvt Ltd for Rupee term loan of Rs. 8.65 Crores Sanctioned by Oriental Bank of Commerce.

**31. Expenditure in Foreign Currency:**

Particulars	Current Year Rs. In Crores	Previous Year Rs.in Crores
Royalties & Others	5.93	6.46

**32. Earning in Foreign exchange as reported by the company to the Ministry of Tourism, Government of India and as certified by the Management.**

Particulars	Current Year Rs. In Crores	Previous Year Rs.in Crores
Earning in Foreign Exchange	12.20	17.96

**33. In relation of Secured (Term) Loans:**

- (i) Term loans from IDFC Limited and Non Convertible Debentures from AXIS Bank aggregating to Rs. 126.00 crores are secured by Pari Passu first charge on the immovable and movable properties of Hyderabad Marriott Hotel, the said Term Loans were taken over by ARCIL (ASSET RECONSTRUCTION COMPANY OF INDIA LTD).
- (ii) Term loans from State Bank of India, Andhra bank and Canara Bank for the Hyderabad Courtyard hotel project aggregating to Rs. 95.00 crores are secured by the first Pari-Passu charge on the fixed assets of the Courtyard hotel project and Rs. 25.00 crores sanctioned during the previous year are secured against present and future credit card receivables and also personal guarantee of Managing Director, Mr. P. Prabhakar Reddy worth Rs. 22.79 crore.
- (iii) The company has availed Redeemable Non convertible Debentures aggregating Rs.42.50 crores from Axis Bank Limited. It is secured against the immovable and movable properties of Hyderabad Marriott. The company has created a Debenture Redemption reserve of Rs. 500 lakhs for the FY 2008. As per the agreement during the financial years 2011-12, 2012-13 and 2013-14 the Company has to repay a sum of Rs. 2 crore, Rs 10 crore and 16 crore of debentures respectively, but the company has not made the same during the financial years 2011-12, 2012-13 and 2013-14.

**34. In relation to Related Party Disclosures in compliance with Accounting Standard:**

Name	Relation with the Company
Shri. P. Prabhakar Reddy	Managing Director
M/s Cafe D' Lake Pvt. Ltd.	Subsidiary
M/s Crustum Products Pvt. Ltd.	Subsidiary
M/s Minerva Hospitalities Pvt. Ltd.	Subsidiary
M/s Viceroy Chennai Hotels & Resorts Pvt. Ltd	Subsidiary
M/s Viceroy Bangalore Hotels Pvt. Ltd.	Associate

Particulars	Subsidiaries	Associates
Loans & Advances	67,23,44,838	-
Investments	15,71,62,420	54,66,64,825

35. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segmental Information' (AS-17). There is no geographical segment to be reported.

36. Sale of Chennai Project Division :

Sale of the ongoing project ( Chennai Project) was made during the year for a consideration of Rs. 486.20 Crores To Ceebros Hotels Private Limited against transfer of Land and Capital work in Progress amounting to Rs. 743.72 Crores resulting in loss amounting to Rs. 257.52 Crores , An amount of Rs. 134.65 Crores received towards non – refundable advances from the earlier proposed buyers is forfeited and adjusted from the loss of Rs. 257.52 Crores resulting in a Net Loss of Rs. 122.87, the same is shown as Loss from extraordinary item in the Statement of Profit & loss.

Particulars	Amount ( Rs. In Crores)	Amount ( Rs. In Crores)
Sale Consideration Received (A)		486.20
Less:		
Value of Land	148.56	
Value of Assets ( Capital work in Progress)	595.16	
Total (B)		743.72
Profit / ( Loss) C = (A-B)		(257.52)
Less:		
Advances Received and Forfeited		
Bhagyanagar Investment & Trading Private Limited	11.77	
Ganga Industrial Corporation	0.65	
Mahal Hotel Private Limited	122.23	
Total (D)		134.65
Net Loss from sale of Chennai Project		122.87

Dues to Banks and Financial Institutions in respect of the Chennai project is Rs. 45 crores to Central Bank of India which is Payable by 31-03-2015 and an Amount of Rs.13.83 is payable to IARC.

37. During the Year there is an Assignment to Asset Reconstruction Company ( India ) Limited (AARCIL) of loans facilities granted by Axis Bank amounting to Rs.42.50 Crores NCD's and Term Loan amounting to Rs.20.00 Crores . Similar facility is also granted by IDFC amounting to Rs.70.775 Crores.

38. Since Central Government has issued a notification No. S.O. 301(E) dated 8th February, 2011 in exercise of the powers conferred by Section 211(3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfilment of few conditions, the Company has duly complied with all conditions of the notification to seek general exemption under Section 211(4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March 2013. In this regard the Board of Directors of the Company has passed necessary resolution to comply with the conditions of the notification for the same.

39. The Board of Directors of the Company has by resolution has given consent to avail of the General Circular Nos: 2/2011 and 3/2011 dated 8th February, 2011 and 21st February, 2011 respectively issued by the Ministry of Corporate Affairs, Government of India giving general exemption to the companies under Section 212(8) of the Companies Act, 1956 for not attaching the balance sheet of the subsidiaries. The Company has disclosed necessary information as required in the said Circular in the consolidated balance sheet in aggregate for each subsidiary.
40. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary to improve figures presentation.
41. The figures have been rounded off to the nearest rupee.

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AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-

**P. PRABHAKAR REDDY**

Managing Director

Sd/-

**A. VIJAYAVARDHAN REDDY**

Director

Sd/-

**K. GURAVA RAJU**

Chief Financial Officer

Sd/-

**Y. K. PRIYADARSHINI**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

PARTICULARS	Current Year ( ₹ )	Previous Year ( ₹ )
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	(1,30,84,44,824)	(5,63,47,021)
<b>Adjustments for :</b>		
Depreciation	13,41,97,779	13,31,56,003
Financial Cost	23,13,71,454	22,70,05,707
<b>Operating cash flow before working capital changes</b>	<b>(94,28,75,592)</b>	<b>30,38,14,689</b>
(Increase) / Decrease in Inventory	8,06,277	10,94,230
(Increase) / Decrease in Trade Receivables	(19,39,935)	1,31,94,003
(Increase) / Decrease in Short Term Loans & Advances	(30,79,357)	(67,34,354)
(Increase) / Decrease in Other Non-Current Assets	(65,74,863)	(11,72,943)
Increase / (Decrease) in Short Term Borrowing	8,06,56,034	(1,40,40,724)
Increase / (Decrease) in Trade Payables	(18,02,60,365)	2,33,21,209
Increase / (Decrease) in Other Current Liabilities	(1,74,61,13,530)	1,96,76,54,500
Increase / (Decrease) in Short Term Provisions	1,07,61,148	1,21,10,878
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(2,78,86,20,182)</b>	<b>2,29,92,41,488</b>
Less : Income Tax Paid	-	-
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(2,78,86,20,182)</b>	<b>2,29,92,41,488</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed Assets	(4,45,71,125)	(71,36,966)
Sale of fixed Assets	1,51,71,86,886	11,82,970
Capital Work in Progress, Pre-operative Expenses	6,01,96,55,582	(95,09,97,394)
Investment	(7,35,64,474)	-
Adjustments of fixed Assets	(1,95,00,796)	(8,33,859)
(Increase) / Decrease in Long Term Loans & Advances	(27,39,98,282)	5,20,19,768
<b>NET CASH AVAILABLE FROM INVESTING ACTIVITIES</b>	<b>7,12,52,07,790</b>	<b>(90,57,65,481)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Share Capital	-	-
Repayment of Loan	(4,11,56,16,552)	(1,05,46,66,006)
Share Premium and Capital Reserve	-	-
Interest Paid	(23,13,71,454)	(22,70,05,707)
Increase / (Decrease) in Other Long Term Liabilities	11,47,655	(11,14,83,702)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(4,34,81,35,661)</b>	<b>(1,39,31,55,414)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,15,48,054)</b>	<b>3,20,591</b>
Add : Opening balance of Cash & Cash equivalents	2,25,96,316	2,22,75,727
Closing balance of Cash & Cash equivalents	1,10,48,262	2,25,96,316

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**Y. K. PRIYADARSHINI**  
Company Secretary



## CERTIFICATE

To  
The Board of Directors,  
Viceroy Hotels Limited,  
1-3-1036/3/1, Lower Tank Bund Road,  
Gandhinagar,  
Hyderabad - 500 080.

We have examined the attached Cash Flow Statement of M/s. Viceroy Hotels Limited for the year ended 31st March, 2014. The Statement has been prepared by the Company in accordance with requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 31st March, 2014 to the members of the Company.

**For P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Place : Hyderabad  
Date : 22-05-2014

**P. MURALI MOHANA RAO**  
Partner  
Membership No.023412

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIALS

To the Board of Directors of Viceroy Hotels Limited

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

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financials. As there is no reporting on 'Other Legal and Regulatory Requirements', there is no necessity of including the heading 'Report on the Financial Statements' above the introductory paragraph 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion:

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 23- Accounting for Investments in Associates in Consolidated Financial Statements notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

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

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the consolidated Statement of Profit or Loss, of the loss for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For P. MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

Place: Hyderabad  
Date : 22-05-2014

Sd/-  
**P.MURALI MOHANA RAO**  
**Partner**  
Membership No. 023412

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

PARTICULARS	Note No.	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	42,40,52,240	42,40,52,240
(b) Reserves and Surplus	2	64,82,99,735	1,97,03,02,377
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	3,14,50,64,634	7,75,57,41,101
(b) Differed Tax Liabilities (Net)	4	19,58,32,107	19,85,14,065
(c) Other Long Term Liabilities	5	1,64,85,230	1,85,24,376
(d) Long Term Provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	6	11,15,52,096	3,08,96,061
(b) Trade Payables	7	39,11,88,263	57,21,55,290
(c) Other Current Liabilities	8	1,78,33,79,664	3,51,93,37,837
(d) Short-Term Provisions	9	12,05,64,995	11,02,44,198
<b>Total</b>		<b>6,83,64,18,964</b>	<b>14,59,97,67,545</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	2,06,98,50,854	3,60,73,02,170
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		2,83,94,44,572	8,96,42,09,307
(b) Non-current investments	11	54,66,64,825	47,31,00,350
(c) Long Term Loans and advances	12	94,71,71,337	1,11,11,68,859
(d) Other Non-Current assets	13	90,72,563	24,97,700
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	14	1,13,83,574	1,32,61,796
(c) Trade receivables	15	19,33,19,780	19,14,39,561
(d) Cash and Bank Balances	16	1,49,31,634	2,96,08,307
(e) Short-Term Loans and Advances	17	20,44,67,190	20,71,50,593
(f) Other Current assets	18	1,12,635	28,902
<b>Total</b>		<b>6,83,64,18,964</b>	<b>14,59,97,67,545</b>

Significant Accounting Policies Notes to Financial Statements

1 to 42

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**Y. K. PRIYADARSHINI**  
Company Secretary



## CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

PARTICULARS	Note No.	Year Ended 31-03-2014 (₹)	Year Ended 31-03-2013 (₹)
I. Revenue from Operations	19	1,04,70,97,707	1,08,91,73,195
II. Other Income	20	24,92,708	18,90,720
<b>III. Total Revenue (I +II)</b>		<b>1,04,95,90,415</b>	<b>1,09,10,63,915</b>
<b>IV. Expenses:</b>			
Cost of materials consumed/ Cost of Software Development	21	21,67,02,361	22,68,97,812
Employee Benefit expenses	22	22,08,64,586	21,86,72,274
Other Operating Expenses	23	19,97,93,073	19,92,64,095
Administrative Expenses	24	11,62,16,724	12,38,65,107
Financial costs	25	23,91,40,740	23,81,66,460
Depreciation and amortization expense	10	15,02,78,013	14,89,98,682
<b>Total Expenses</b>		<b>1,14,29,95,497</b>	<b>1,15,58,64,430</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		(9,34,05,082)	(6,48,00,515)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(9,34,05,082)	(6,48,00,515)
VIII. Extraordinary Items		1,22,87,23,137	-
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>(1,32,21,28,219)</b>	<b>(6,48,00,515)</b>
X. Tax expense:			
(1) Current tax		25,94,124	30,34,475
(2) Deferred tax		(26,81,958)	14,61,639
XI. Profit(Loss) from the period from Continuing Operations (VII-VIII)		(1,32,20,40,385)	(6,92,96,629)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>(1,32,20,40,385)</b>	<b>(6,92,96,629)</b>
XVI. Earning per equity share:			
(1) Basic		(31.18)	(1.63)
(2) Diluted		(31.18)	(1.63)

Significant Accounting Policies Notes to Financial Statements  
AS PER OUR REPORT OF EVEN DATE

1 to 42

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**Y. K. PRIYADARSHINI**  
Company Secretary

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )	
<b>NOTE NO. 1 : SHARE CAPITAL</b>				
<b>A Share Capital</b>				
(a)	Authorised			
	(No. of Equity Shares 4,50,00,000 Current Year)	45,00,00,000	-	
	(No. of Preference Shares 10,00,000 Current Year)	10,00,00,000	-	
	(No. of Equity Shares 4,50,00,000 Previous Year)	-	45,00,00,000	
	(No. of Preference Shares 10,00,000 Previous Year)	-	10,00,00,000	
	<b>Total Authorised Share Capital</b>	<b>55,00,00,000</b>	<b>55,00,00,000</b>	
(b)	Issued			
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-	
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240	
(c)	Subscribed & Fully Paid Up -			
	( No. of Shares 4,24,05,224 Current Year )	42,40,52,240	-	
	( No. of Shares 4,24,05,224 Previous Year )	-	42,40,52,240	
(d)	Subscribed & not fully paid up			
	<u>Par Value</u> : Per Equity Share Rs. 10/-			
	Per Preference Share Rs. 100/-			
	<b>Total Equity Share capital</b>	<b>42,40,52,240</b>	<b>42,40,52,240</b>	
<b>B A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>				
(Equity Shares of Rs. 10/- Each, Fully paid up)				
	At the Beginning	4,24,05,224	4,24,05,224	
	Issued during the year - Bonus Issue	-	-	
	Issued during the year - Cash Issue	-	-	
	Issued during the year - ESOP	-	-	
	Forfeited / Bought Back during the year	-	-	
	At the end	<b>4,24,05,224</b>	<b>4,24,05,224</b>	
<b>C Details of Shareholder holding more than 5% shares of the Company:</b>				
(Equity Shares of Rs. 10 each Held By)				
<b>Name of Shareholder</b>	<b>No. of Shares</b>		<b>% of Share Holding</b>	
	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
(1) Jhunjhunwala Rakesh Radheshyam	57,07,566	57,07,566	13.46	10.02
(2) P. Chakradhar Reddy	41,03,651	40,41,453	9.68	9.53
(3) REL Utility Engineers Limited	25,00,000	25,00,000	5.90	5.90

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 2 : RESERVES AND SURPLUS</b>			
a) Capital Reserve			
	As at the commencement of the year	74,33,995	74,33,995
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>74,33,995</b>	<b>74,33,995</b>
b) Securities Premium Reserve			
	As at the commencement of the year	1,71,77,85,670	1,71,77,85,670
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>1,71,77,85,670</b>	<b>1,71,77,85,670</b>
c) Debenture redemption reserve			
	As at the commencement of the year	5,00,00,000	5,00,00,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
d) Revaluation reserve			
		79,19,430	79,19,430
e) Share options outstanding account			
		-	-
f) General Reserves			
	As at the commencement of the year	3,20,25,000	3,20,25,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	<b>Sub Total</b>	<b>3,20,25,000</b>	<b>3,20,25,000</b>
g) Surplus :			
	i) Opening Balance - Profit and Loss Account	15,51,78,724	22,44,34,910
	Add: Transfer from Profit & Loss Account	(1,32,20,30,083)	(6,92,96,628)
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
	<b>Sub Total</b>	<b>(1,16,68,51,359)</b>	<b>15,51,38,282</b>
	<b>Total Reserves and Surplus</b>	<b>64,83,12,736</b>	<b>1,97,03,02,377</b>
<b>NOTE NO. 3 : LONG TERM BORROWINGS</b>			
<b>Long Term borrowings</b>			
a) Bonds/debentures			
	Secured	42,50,00,000	42,50,00,000
	( 500 Bonds, Face Value - Rs.10,00,000, 14% rate of interest)	-	-
		<b>42,50,00,000</b>	<b>42,50,00,000</b>

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
b) i)	Term Loans		
	From Banks	1,63,81,95,151	4,50,84,98,393
	From Financial Institutions	13,83,60,000	13,83,60,000
	From Others	7,82,99,796	7,63,12,878
	<b>Sub Total</b>	<b>1,85,48,54,947</b>	<b>4,72,31,71,271</b>
b) ii)	Un Secured Loans		
	From Banks	13,29,037	31,79,099
	From Financial Institutions	-	-
	From Others	86,38,80,651	2,60,43,90,730
	<b>Sub Total</b>	<b>86,52,09,688</b>	<b>2,60,75,69,829</b>
	<b>Total Long Term Borrowings</b>	<b>3,14,50,64,635</b>	<b>7,75,57,41,100</b>
<b>NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )</b>			
	Opening Deferred tax Liability	19,85,14,065	19,70,52,426
	Add: Deferred Tax Liability for the year ( Due to SLM and WDV Difference )	(26,81,958)	14,61,639
	Deferred Tax Liability for the year ( Due to Others )	-	-
	<b>Deferred Tax Liability</b>	<b>19,58,32,108</b>	<b>19,85,14,065</b>
<b>NOTE NO. 5 : OTHER LONG TERM LIABILITIES</b>			
a)	Trade Payables & Others		
	- Advance from Customers	1,64,85,230	1,85,24,376
	- Other Liabilities	-	-
b)	Others	-	-
	<b>Total Long Term Liabilities</b>	<b>1,64,85,230</b>	<b>1,85,24,376</b>
<b>NOTE NO. 6 : SHORT TERM BORROWINGS.</b>			
<b>Short term borrowings</b>			
a)	Cash Credits and Working Capital Demand Loan from Banks		
	- Secured	7,23,02,186	3,08,96,061
b)	Other Loans and advances	3,92,49,910	
Notes:			
Note No. 1) The company has taken Cash credit from IDBI Bank Limited and it is secured by way of Personal Guarantee of Directors, Properties of directors and Others			
	<b>Total Short Term Borrowings</b>	<b>11,15,52,096</b>	<b>3,08,96,061</b>

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 7 : TRADE PAYABLES</b>			
a)	Trade Payables	39,11,88,264	56,95,70,549
	<b>Total Trade Payables</b>	<b>39,11,88,264</b>	<b>56,95,70,549</b>
<b>NOTE NO. 8 : OTHER CURRENT LIABILITIES</b>			
a)	Current maturities of long term debt	78,51,00,000	1,74,57,36,000
b)	interest accrued but not due on borrowings	38,60,049	38,60,049
c)	Interest accrued and due on borrowings.	88,10,12,221	1,66,18,93,160
d)	Other Payables		
	(i). Rent payable	70,89,701	48,61,858
	(ii). Audit fee Payable	58,56,354	49,15,968
	(iii). Electricity Charges Payable	33,21,203	31,79,663
	(iv). Bonus Payable	-	-
	(v) Statutory Liabilities	7,99,70,868	7,38,94,970
	(vi) PF & ESI Payable	22,16,415	90,95,823
	(vii)Salaries Payable	77,29,219	78,24,718
	(viii) other Payable	17,20,726	20,86,152
	(ix) Royalty Payable	54,89,908	45,74,217
	<b>Total Other Current Liabilities</b>	<b>1,78,33,66,664</b>	<b>3,51,73,48,361</b>
<b>NOTE NO. 9 : SHORT TERM PROVISIONS</b>			
a)	Provisions for employee benefits		
	Provision for Gratuity	1,08,73,114	96,47,945
	Provision for bonus	34,87,361	82,51,278
	Provision for Management deferred license	6,04,61,792	4,90,94,282
	Provision for Accruals	1,19,16,382	92,40,786
b)	Others		
	Provision for income tax	39,71,723	44,12,074
	Provision for MAT	1,81,41,978	2,05,85,188
	Provision for FBT	74,919	74,919
	provision for Bad & Doubtful debts	1,16,37,726	89,37,726
	<b>Total Short Term Provisions</b>	<b>12,05,64,995</b>	<b>11,02,44,198</b>

# CONSOLIDATED FINANCIALS

## NOTE NO 10 : FIXED ASSETS :

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block As at 01-04-2013	Additions During the Year	Sale / Deletions During the year	Total Cost as at 31-03-2014	As on 01-04-2013	For the Year	Adjustments During the Year	Total as at 31-03-2014	As on 31-03-2014	As on 31-03-2013
Land	1,65,88,58,105		1,48,55,61,275	17,32,96,830	-	-	-	-	17,32,96,830	1,65,88,58,105
Building	1,71,52,46,213	2,06,76,658	-	1,73,59,22,871	48,75,60,830	5,73,46,774	-	54,49,07,604	1,19,10,15,267	1,22,76,85,383
Furniture & Fixtures	42,87,40,406	1,10,17,932	-	43,97,58,338	26,38,92,680	2,72,39,360	-	29,11,32,040	14,86,26,298	16,48,47,726
Air Conditioners	16,04,27,348		-	16,04,27,348	8,55,27,381	76,20,299	-	9,31,47,680	6,72,79,668	7,48,99,967
Electrical Fittings	20,39,82,888	37,29,474	-	20,77,12,362	8,49,15,958	99,10,925	-	9,48,26,883	11,28,85,479	11,90,66,930
Vehicles	8,78,20,230	2,20,88,367	2,00,45,314	8,98,63,283	3,82,97,287	92,83,769	1,36,37,723	3,39,43,333	5,59,19,950	4,95,22,943
Plant and machinery	20,02,60,214	2,46,50,781	-	22,49,10,995	6,89,91,398	99,47,811	-	7,89,39,209	14,59,71,786	13,12,68,816
Generator	13,65,000		-	13,65,000	4,43,030	64,838	-	5,07,868	8,57,132	9,21,970
Misc. Fixed Asset	41,36,20,514	2,72,10,402	1,15,80,297	42,92,50,619	23,41,91,642	2,81,48,106	58,63,074	25,64,76,674	17,27,73,945	17,94,28,872
Computers	82,51,588	11,39,176	-	93,90,764	74,50,134	7,16,131	-	81,66,265	12,24,499	8,01,454
<b>Total</b>	<b>4,87,85,72,506</b>	<b>11,05,12,790</b>	<b>1,51,71,86,886</b>	<b>3,47,18,98,410</b>	<b>1,27,12,70,340</b>	<b>15,02,78,013</b>	<b>1,95,00,797</b>	<b>1,40,20,47,556</b>	<b>2,06,98,50,854</b>	<b>3,60,73,02,166</b>
Previous Year	4,55,24,43,121	71,36,966	11,82,970	4,55,83,97,117	1,02,57,60,703	13,31,56,003	8,33,859	1,15,80,82,848	3,40,03,14,269	3,85,78,54,538

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
<b>NOTE NO. 11 : NON- CURRENT INVESTMENTS</b>			
1)	Trade Investments		
	a) Investment in Equity Instrument		
	<b>Unquoted</b>		
	60,00,000 Equity Shares of Rs.10/- each in Viceroy Banglore Hotels Pvt.Ltd	54,66,64,825	47,31,00,350
	<b>Total Non Current Investments</b>	<b>54,66,64,825</b>	<b>47,31,00,350</b>
<b>NOTE NO. 12: LONG TERM LOANS AND ADVANCES</b>			
	<b>Capital Advances</b>		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	48,81,75,732	40,93,67,798
	<b>Sub Total</b>	<b>48,81,75,732</b>	<b>40,93,67,798</b>
	<b>Security Deposit</b>		
	Secured, Considered Good	4,57,64,032	3,79,54,762
	Unsecured, Considered Good	-	-
	<b>Sub Total</b>	<b>4,57,64,032</b>	<b>3,79,54,762</b>
	<b>Un Secured, Considered Good</b>		
	Other Advances	18,93,90,020	21,32,31,612
	<b>Sub Total</b>	<b>18,93,90,020</b>	<b>21,32,31,612</b>
	<b>Secured, Considered Good</b>		
	Security Deposit	81,99,186	86,61,212
	Loans and Advances to others	9,98,80,174	31,01,19,651
	Advances Recoverable in Cash or in kind	11,57,62,193	13,18,33,825
	<b>Sub Total</b>	<b>22,38,41,553</b>	<b>45,06,14,687</b>
	<b>Total Long Term Lonas and Advances</b>	<b>94,71,71,337</b>	<b>1,11,11,68,859</b>
<b>NOTE NO. 13 : OTHER NON CURRENT ASSETS</b>			
	Unamortised Expenses	15,500	13,24,757
	Rent receivable	90,57,063	11,72,943
	<b>Total Other Non Current Assets</b>	<b>90,72,563</b>	<b>24,97,700</b>
<b>NOTE NO. 14 : INVENTORIES</b>			
a)	(i) Finished Goods	8,67,557	18,67,557
	(ii) Food Inventory	11,82,860	9,31,161
	(iii) Beverage Inventory	92,29,010	78,58,898
	(iv) Linen Lnvntory	-	-
	(v) General Inventory	-	18,96,699
	(vi) Printing & stationary	-	83,949

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	AS ON 31-03-2014 ( ₹ )	AS ON 31-03-2013 ( ₹ )
(vii)	Tobacco Inventory	1,04,147	46,423
(viii)	Diesel Inventory	-	5,77,109
	<b>Total Inventories</b>	<b>1,13,83,574</b>	<b>1,32,61,796</b>
<b>NOTE NO. 15 : TRADE RECEIVABLES</b>			
<b>Other Receivables:</b>			
	Secured, Considered Good	-	1,01,51,810
	Unsecured, Considered Good	19,33,19,780	18,12,87,751
	Doubtful	-	-
	<b>Total Trade Receivables</b>	<b>19,33,19,780</b>	<b>19,14,39,561</b>
<b>NOTE NO. 16 : CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents :</b>			
a) Balances with banks :			
	1) On Current Accounts	89,04,357	1,21,08,125
	b) Cash on hand	59,84,279	26,87,625
	Other Bank Balances	-	-
	On Deposit Accounts	-	-
1)	Having Maturity more than 12 months from the date of deposit	43,000	1,48,12,559
	<b>Total Cash and Cash Equivalents</b>	<b>1,49,31,635</b>	<b>2,96,08,309</b>
<b>NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES</b>			
<b>Security Deposit</b>			
	Secured, Considered Good	37,13,960	86,78,398
	Unsecured, Considered Good	-	-
	Doubtful	-	-
	<b>Sub Total</b>	<b>37,13,960</b>	<b>86,78,398</b>
<b>Loans &amp; Advances</b>			
	Other Advances	13,95,37,975	13,73,32,070
	<b>Sub Total</b>	<b>13,95,37,975</b>	<b>13,73,32,070</b>
<b>Secured, Considered Good</b>			
	Loans and Advances to Employees	7,22,421	8,50,469
	Statutory payments	-	-
	Prepaid Expense	2,15,12,932	1,83,41,335
	TDS Receivable	58,879	47,760
	Advances Recoverable in Cash or in kind	3,89,21,024	4,18,91,031
	<b>Sub Total</b>	<b>6,12,15,256</b>	<b>6,11,29,895</b>
	<b>Total Short Term Loans and Advances</b>	<b>20,44,67,191</b>	<b>20,71,50,593</b>



## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	Year Ended 31-03-2014 (₹)	Year Ended 31-03-2013 (₹)
<b>NOTE NO. 18 : OTHER CURRENT ASSETS</b>			
	Interest Accrued on Deposits	1,12,635	28,902
	<b>Total Other Assets</b>	<b>1,12,635</b>	<b>28,902</b>
<b>NOTE NO. 19 : REVENUE FROM OPERATIONS</b>			
<b>Revenue from operations:</b>			
	(a) Sale of Products & Services	98,69,23,210	1,02,46,58,787
	(b) Sale of Services	-	-
	(c) Other Operating Revenues	6,01,74,497	6,45,14,408
	Less: Excise Duties	-	-
	<b>Total Revenue from Operations</b>	<b>1,04,70,97,707</b>	<b>1,08,91,73,195</b>
<b>NOTE NO. 20 : OTHER INCOME</b>			
	(a) Interest income	22,95,406	18,69,203
	(b) (i) Dividend from subsidiary companies	-	-
	(ii) Dividend Income	-	-
	(c) Other non-operating income	1,97,302	21,517
	(d) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	-	-
	<b>Total Other Income</b>	<b>24,92,708</b>	<b>18,90,720</b>
<b>NOTE NO. 21 : COST OF MATERIALS</b>			
<b>Food &amp; Beverages</b>			
	Opening Stock	88,35,301	89,63,013
	Add : Purchases During the year	21,48,96,084	23,11,96,595
	Less : Closing Stock	70,29,024	1,32,61,796
	<b>Total Cost of Material Consumed</b>	<b>21,67,02,361</b>	<b>22,68,97,812</b>
<b>NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES</b>			
	(a) Salaries & Wages	19,83,33,618	19,43,19,523
	(b) Contribution to Provident & Other Funds	1,56,19,860	1,62,10,067
	(c) Managerial Remuneration	63,00,000	66,00,000
	(d) Staff Welfare Expenses	6,11,108	15,42,684
	<b>Total Employee Benefit Expenses</b>	<b>22,08,64,586</b>	<b>21,86,72,274</b>
<b>NOTE NO. 23 : OTHER OPERATING EXPENSES</b>			
	(a) Consumption of Stores & Spares	-	-
	(b) Power & Fuel	10,17,96,666	9,58,58,764
	(c) Rent	3,36,58,225	3,51,32,348

### Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2014

S.NO	PARTICULARS	Year Ended 31-03-2014 (₹)	Year Ended 31-03-2013 (₹)
(d)	Repairs to Building	28,30,086	25,32,690
(e)	Insurance	31,09,880	24,83,858
(f)	Rates & Taxes (excluding Income Tax)	1,80,82,184	1,70,41,974
(g)	Miscellaneous Expenditure	1,36,50,953	2,33,25,705
(h)	Net loss on foreign currency transaction and translation	9,34,572	22,30,499
(i)	Payment to Auditors:		
	(i) As Auditor	9,92,150	9,79,150
(j)	Selling Expenses	7,43,754	29,10,439
(k)	Adjustment to the carrying amount investments	-	2,94,491
(l)	Net loss on sale of Assets	86,52,315	2,13,769
(m)	Repairs & maintenance	1,53,42,288	1,62,60,408
	<b>Total Other Expenses</b>	<b>19,97,93,073</b>	<b>19,92,64,095</b>

#### NOTE NO. 24 : ADMINISTRATIVE EXPENSES

(a)	Telephone, Postage and Others	32,98,001	41,04,278
(b)	Business Promotion Expenses	6,78,75,411	6,68,51,048
(c)	Conveyance	1,21,56,080	1,21,10,928
(d)	Office Maintenance	2,09,80,457	2,54,68,425
(e)	Printing & Stationery Expenses	37,30,733	44,68,737
(f)	Security Charges	66,395	68,400
(g)	Rates & Taxes (excluding Income Tax)	-	1,43,972
(h)	Consultancy Charges	20,14,000	24,97,923
(i)	Fright expenses	7,342	4,100
(j)	Laundry expenses	19,87,633	20,12,258
(k)	Bad debts written off	27,00,000	57,98,756
(l)	Interest on taxes Payable	14,00,672	3,36,282
	<b>Total Administrative Expenses</b>	<b>11,62,16,724</b>	<b>12,38,65,107</b>

#### NOTE NO. 25 : FINANCE COST

(a)	Interest Expenses		
	- Interest on Term loans	16,88,90,048	17,04,33,484
	- Interest on Axis Bank - NCD'S	5,94,99,999	5,98,26,026
	- Interest on working Capital Loan	38,57,184	37,96,491
	- Interest on Unsecured Loan	8,24,324	5,26,917
	- Loan processing Charges & Bank Charges	32,37,117	29,99,656
(b)	Other Borrowing costs	28,32,068	5,83,886
	<b>Total Finance Cost</b>	<b>23,91,40,740</b>	<b>23,81,66,460</b>



## Significant Accounting Policies

The financial statements are prepared under the historical cost convention, on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006. The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. The significant accounting policies adopted in the presentation of the financial statements are as under:

**(a) Basis of preparation of financial Statements.**

The financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956.

**b) Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

**(c) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from restaurant and sweet shop sales (food and beverages) is recognized upon rendering of service. Sales are net of discounts. Value added tax is reduced from sales.

The Company also operates through franchise arrangements with third parties in terms of which the third parties are permitted to use the Company's established trademarks :

- Initial Access Premium Fee charged to franchisees, in consideration of being considered as competent to open a restaurant under a Company owned trademark, is recognized on formalization of the franchise agreement. The Initial Access Premium Fee is non – refundable, regardless of whether the restaurant outlet under the franchise agreement commences operations or not.<sup>56</sup>

- Royalty and Management Fee charged to franchisees for the use of the trademarks is calculated as a percentage of monthly sales of the restaurant and accrued for in line with restaurant sales.

Revenue from displays and sponsorships are recognized based on the period for which the products or the sponsor's advertisements are promoted /displayed.

In respect of gift vouchers and point awards scheme operated by the company, sales are recognized when the gift vouchers or points are redeemed and on sale of meals to customers.

**(d) Employee Benefits:**

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans such as gratuity which fall due for payment after completion of employment are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognized immediately in the Statement of Profit and Loss.

**(e) Investments**

Investments are classified as current or long term in accordance with Accounting Standard 13 on Accounting for Investments.

Current investments are stated at the lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

**(f) Fixed Assets:****(i) Tangible Assets**

Tangible Assets are stated at their cost of acquisition less accumulated depreciation and impairment losses.

Cost comprises of all costs incurred to bring the assets to their present location and working condition.

Assets acquired under finance leases are accounted for at the inception of the lease in accordance with Accounting Standard 19 on Leases at the lower of the fair value of the asset and present value of minimum lease payments.

**(ii) Intangible assets**

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

The company capitalizes software costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over the management's estimate of its useful life of five years.

Trademarks are amortized uniformly over a period of five years.

**(g) Depreciation:**

Depreciation on assets is provided, pro-rata for the period of use, by the written down value method at the rates prescribed in Schedule XIV to the Act. Assets costing less than Rs. 5,000 are depreciated at 100%.

Leasehold improvements are depreciated over the lower of the lease period and the management's estimate of the useful life of the asset.

The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

**(h) Impairment of Assets:**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount on these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flow to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised.

**(i) Transactions in Foreign Exchange:**

Transactions in foreign currencies are accounted for at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an existing asset/liability, are recognized in the Statement of Profit and Loss in the reporting period in

which the exchange rate changes. Premium / Discount on forward exchange contracts is amortized over the period of the contract.

**(j) Borrowing Cost:**

- i. Interest and other borrowing costs, attributable to qualifying assets are capitalised.
- ii. Interest not attributable to qualifying assets is charged to the Profit and Loss Account in the year in which it is incurred.
- iii. Debenture issue costs and the entire premium on redemption of Debentures are adjusted against the Securities Premium Account in accordance with the provision of Section 78 of the Companies Act, 1956.
- iv. Other Borrowing Costs are charged to revenue account over the tenure of the borrowing.

**(k) Inventories:**

Stock of food and beverages and operating supplies are carried at cost or Market Value, whichever is lower as per AS-2.

Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost of materials is determined by the FIFO method.

**(l) Taxes on income:**

- (i) Income tax is computed in accordance with Accounting Standard 22-'Accounting for Taxes on Income (AS-22)', issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- (ii) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liabilities recorded for timing differences, i.e. differences that originate in one accounting period and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.
- (iii) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**(m) Accounting for provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized in terms of Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI., when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the financial statements.

**(n) Earnings per Share:**

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed 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. Diluted EPS is computed 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 as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

## Notes to Consolidated Financial Statements

### 26. The subsidiary companies considered in the consolidated financial statements are:

NAME OF SUBSIDIARIES:	PROPORTION OF INTEREST:
Cafe de lake Pvt. Ltd	100%
Crustums Products Pvt. Ltd	100%
Minerva Hospitalities Pvt. Ltd	100%
Viceroy Chennai Hotels & Resorts Pvt Ltd	100%

### 27. Basic Earnings Per Share(Basic EPS)

Particulars	Current Year Rs.	Previous Year Rs.
Net Profit after Tax	(1,32,20,40,385)	(6,92,96,628)
Weighted Average Number of Shares Considered	4,24,05,224	4,24,05,224
EPS	(31.18)	(1.63)

### 28. In relation of provision for Current Tax, Deferred Tax:

Particulars	Current Year Rs.	Previous Year Rs.
Current Tax	25,94,124	30,34,475
Deferred Tax Liability	(26,81,958)	14,61,639

### 29. In relation of Managerial Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Salaries	63.00	66.00

### 30. Auditors Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Audit Fees Including Service Tax	9.92	9.79

31. According to the information available with the Company, there are no amounts as at 31st March, 2014, due to suppliers who constitute a "small industrial undertaking".

### 32. Liabilities not provided for in respect of:-

i) Claims against the company pending appellate/ judicial decisions:

a) E.S.I	Rs. 67,70,937/- ( Previous Year Rs. 67,70,937/-)
b) Income Tax	AY 2004-05 Rs. 25,95,736 & AY 2005-06 Rs. 73,14,584/-

ii) Guarantees:

Guarantees given to bank for the Bank Guarantee limits availed by the company towards EPCG Bonds given to DGFT, Hyderabad	Rs. 16,22,500/-
Previous Year	Rs. 16,22,500/-

**33. Expenditure in Foreign Currency:**

Particulars	Current Year Rs. In Crores	Previous Year Rs. in Crores
Royalties & Others	5.93	6.46

**34. Earnings in Foreign exchange as reported by the company to the Ministry of Tourism, Government of India and as certified by the Management.**

Particulars	Current Year Rs. In Crores	Previous Year Rs. in Crores
Earning in Foreign Exchange	12.49	18.30

**35. In relation of Secured (Term) Loans:**

- (i) Term loans from IDFC Limited and Non Convertible Debentures from AXIS Bank aggregating to Rs. 126.00 crores are secured by Pari Passu first charge on the immovable and movable properties of Hyderabad Marriott Hotel, the said Term Loans were taken over by ARCIL (ASSET RECONSTRUCTION COMPANY OF INDIA LTD).
- (ii) Term loans from State Bank of India, Andhra bank and Canara Bank for the Hyderabad Courtyard hotel project aggregating to Rs. 95.00 crores are secured by the first Pari-Passu charge on the fixed assets of the Courtyard hotel project and Rs. 25.00 crores sanctioned during the previous year are secured against present and future credit card receivables and also personal guarantee of Managing Director, Mr. P. Prabhakar Reddy worth Rs. 22.79 crore.
- (iii) The company has availed Redeemable Non convertible Debentures aggregating Rs.42.50 crores from Axis Bank Limited. It is secured against the immovable and movable properties of Hyderabad Marriott. The company has created a Debenture Redemption reserve of Rs. 500 lakhs for the FY 2008. As per the agreement during the financial years 2011-12, 2012-13 and 2013-14 the Company has to repay a sum of Rs. 2 crore, Rs 10 crore and 16 crore of debentures respectively, but the company has not made the same during the financial years 2011-12, 2012-13 and 2013-14.
- (iv) M/s Cafe D Lake Private Limited: Term Loan from TFCI Limited aggregating to Rs 3.87 crores are secured against the fixed and movable assets of the Eat Street and Water Front at Necklace Road, Hyderabad. The PPA/ working capital loans from Andhra Bank are secured against the current assets and credit card receivables of Minerva Coffeshop and Blue Fox Bar & Restaurants at Himayatnagar and Ameerpet, Hyderabad. The term loan from Andhra Bank of Rs. 0.78 crores are secured against the fixed assets of the Minerva Coffeshop and Blue Fox Bar & Restaurants at Himayatnagar and Ameerpet, Hyderabad and also secured against the personal guarantee of Director, Mr . P. Chakradhar Reddy and Mr. A. Vijayvardhan Reddy. The Term Loan of Rs. 8.00 Crores from UCO Bank is secured by second charge on Current and Fixed Assets of the company and also secured by collateral security of vacant land admeasuring 2926.50 sq.yards in Survey No. 129/73/2&3 situated at Road No. 3 Banjara Hills, Hyderabad – 500034 owned by M/s Deva Infrastructures Pvt. Ltd.



- (v) M/s. Crustums Products Pvt Ltd., Term Loan from Oriental Bank of Commerce, Ameerpet, Hyderabad, aggregating to Rs. 8.65 crores is secured against the fixed and movable assets of the Breadtalk outlets at Hyderabad, Mumbai, Bangalore and Gurgaon and also secured against the personal guarantee of Director Mr. P. Chakradhar Reddy and Ms. P. Lakshmi Sruthi. The Term Loan of Rs. 7.00 Crores from UCO Bank is secured by 2nd charge on Current and Fixed Assets of the Company and also secured by extension of collateral security of vacant land admeasuring 2926.50 sq. Yards in Survey No. 129/73/2&3 situated at Road No.3, Banjara Hills, Hyderabad – 500034 owned by M/s. Deva infrastructures Pvt. Ltd.

### 36. In relation to Related Party Disclosures in compliance with Accounting Standard:

Name	Relation with the Company
Shri. P. Prabhakar Reddy	Managing Director
M/s Cafe D' Lake Pvt. Ltd.	Subsidiary
M/s Crustum Products Pvt. Ltd.	Subsidiary
M/s Minerva Hospitalities Pvt. Ltd.	Subsidiary
M/s Viceroy Chennai Hotels & Resorts Pvt. Ltd	Subsidiary
M/s Viceroy Bangalore Hotels Pvt. Ltd.	Associate

Particulars	Subsidiaries	Associates
Loans & Advances	41,30,29,422	-
Investments	15,71,62,420	54,66,64,825

### 37. Sale of Chennai Project Division :

Sale of the ongoing project ( Chennai Project) was made during the year for a consideration of Rs.486.20 Crores To M/s. Ceebros Hotels Private Limited against transfer of Land and Capital work in Progress amounting to Rs.743.72 Crores resulting in loss amounting to Rs.257.52 Crores , An amount of Rs.134.65 Crores received towards non – refundable advances from the earlier proposed buyers is forfeited and adjusted from the loss of Rs.257.52 Crores resulting in a Net Loss of Rs. 122.87, the same is shown as Loss from extraordinary item in the Statement of Profit & Loss.

Particulars	Amount ( Rs. In Crores)	Amount ( Rs. In Crores)
Sale Consideration Received (A)		486.20
Less:		
Value of Land	148.56	
Value of Assets ( Capital work in Progress)	595.16	
Total (B)		743.72
Profit / ( Loss) C = (A-B)		(257.52)
Less:		
Advances Received and Forfeited		
Bhagyanagar Investment & Trading Private Limited	11.77	
Ganga Industrial Corporation	0.65	
Mahal Hotel Private Limited	122.23	
Total (D)		134.65
Net Loss from sale of Chennai Project		122.87



Dues to Banks and Financial Institutions in respect of the Chennai Project is Rs. 45 crores to Central Bank of India which is Payable by 31-03-2015 and an Amount of Rs.13.83 is payable to IARC

38. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segmental Information' (AS-17). There is no geographical segment to be reported.
39. Since Central Government has issued a notification No. S.O. 301(E) dated 8th February, 2011 in exercise of the powers conferred by Section 211(3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfilment of few conditions, the Company has duly complied with all conditions of the notification to seek general exemption under Section 211(4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March 2013. In this regard the Board of Directors of the Company has passed necessary resolution to comply with the conditions of the notification for the same.
40. The Board of Directors of the Company has by resolution has given consent to avail of the General Circular Nos: 2/2011 and 3/2011 dated 8th February, 2011 and 21st February, 2011 respectively issued by the Ministry of Corporate Affairs, Government of India giving general exemption to the companies under Section 212(8) of the Companies Act, 1956 for not attaching the balance sheet of the subsidiaries. The Company has disclosed necessary information as required in the said Circular in the consolidated balance sheet in aggregate for each subsidiary.
41. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary to improve figures presentation.
42. The figures have been rounded off to the nearest rupee.

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AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
22-05-2014

**FOR VICEROY HOTELS LIMITED**

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**Y. K. PRIYADARSHINI**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014**

PARTICULARS	Current Year (₹)	Previous Year (₹)
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	(1,32,21,28,219)	(6,48,00,515)
<b>Adjustments for : -</b>		
Depreciation	15,02,78,013	14,89,98,682
Financial Cost	23,91,40,740	23,81,66,460
<b>Operating cash flow before working capital changes</b>	<b>(93,27,09,466)</b>	<b>32,23,64,627</b>
(Increase) / Decrease in Inventory	18,78,222	7,69,790
(Increase) / Decrease in Trade Receivables	(18,80,219)	1,04,36,103
(Increase) / Decrease in Short Term Loans & Advances	26,83,402	(67,11,757)
(Increase) / Decrease in Other Non-Current Assets	(65,74,863)	(11,72,943)
Increase / (Decrease) in Short Term Borrowing	8,06,56,035	(1,40,40,724)
Increase / (Decrease) in Trade Payables	(18,09,67,027)	3,00,36,002
Increase / (Decrease) in Other Current Liabilities	(1,73,59,58,173)	1,97,44,62,599
Increase / (Decrease) in Short Term Provisions	1,03,20,797	94,83,853
(Increase) / Decrease in Other Current Assets	(45,984)	-
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(2,76,25,97,276)</b>	<b>2,32,56,27,550</b>
Less : Income Tax Paid	25,94,124	30,34,475
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(2,76,51,91,400)</b>	<b>2,32,25,93,075</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed Assets	(11,05,12,790)	(1,19,28,058)
Sale of fixed Assets	1,51,71,86,886	11,82,970
Capital Work in Progress, Pre-operative Expenses Investment	6,12,47,64,735	(95,71,23,740)
Adjustments of fixed Assets	(7,35,64,475)	-
(Increase) / Decrease in Long Term Loans & Advances	(1,95,00,797)	(8,33,859)
	16,39,97,522	4,57,84,635
<b>NET CASH AVAILABLE FROM INVESTING ACTIVITIES</b>	<b>7,60,23,71,081</b>	<b>(92,29,18,052)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Share Capital	-	-
Repayment of Loan	(4,61,06,76,467)	(1,05,28,95,434)
Share Premium and Capital Reserve	-	-
Interest Paid	(23,91,40,740)	(23,81,66,460)
Increase / (Decrease) in Other Long Term Liabilities	(20,39,146)	(11,11,25,163)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(4,85,18,56,353)</b>	<b>(1,40,21,87,057)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,46,76,672)</b>	<b>(25,12,034)</b>
Add : Opening balance of Cash & Cash equivalents	2,96,08,307	3,20,90,697
Closing balance of Cash & Cash equivalents	1,49,31,635	2,96,08,307

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
22-05-2014

FOR VICEROY HOTELS LIMITED

Sd/-  
**P. PRABHAKAR REDDY**  
Managing Director

Sd/-  
**K. GURAVA RAJU**  
Chief Financial Officer

Sd/-  
**A. VIJAYAVARDHAN REDDY**  
Director

Sd/-  
**Y. K. PRIYADARSHINI**  
Company Secretary



## CERTIFICATE

To  
The Board of Directors,  
Viceroy Hotels Limited,  
1-3-1036/3/1, Lower Tank Bund Road,  
Gandhinagar,  
Hyderabad - 500 080.

We have examined the attached Consolidated Cash Flow Statement of M/s. Viceroy Hotels Limited for the year ended 31st March, 2014. The Statement has been prepared by the Company in accordance with requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 31st March, 2014 to the members of the Company.

**For P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Place : Hyderabad  
Date : 22-05-2014

**P. MURALI MOHANA RAO**  
Partner  
Membership No.023412

## Statement pursuant to Section 212 (8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies as on March 31, 2014

(In Rupees)

Name of the Subsidiary Company	Café D'Lake Pvt. Ltd.	Crustum Products Pvt. Ltd.	Minerva Hospitalities Pvt. Ltd.	Viceroy Chennai Hotels & Resorts Pvt. Ltd.
Issued and Subscribed Share Capital	2,74,45,300	4,00,00,000	4,66,92,670	1,00,000
Reserves	17,35,19,015	(3,78,88,905)	(51,75,091)	-
Total Assets	31,32,43,215	32,25,85,745	78,125,404	1,00,000
Total Liabilities	11,22,78,900	32,04,74,650	3,66,07,825	-
Details of Investment (Except in case of investment in subsidiaries)	-	-	-	-
Turnover/Total Income	30,81,60,805	2,86,96,648	55,596	-
Profit before taxation/(Loss)	83,95,222	(2,21,21,210)	52,895	-
Provision for taxation	25,94,124	-	-	-
Profit after taxation/loss	56,56,569	(2,21,77,949)	52,895	-
Proposed dividend	Nil	Nil	Nil	Nil
Number of shares held by Viceroy Hotels Limited along with its nominees	27,44,530 Equity Shares of Rs.10/- each	40,00,000 Equity Shares of Rs.10/- each	46,69,267 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each
Extent of interest held by Viceroy Hotels Limited along with its nominees	100%	100%	100%	100%

### **Notes:**

In Accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other Financial Statements / Documents of the Subsidiary Companies viz., Viceroy Chennai Hotels and Resorts Private Limited and Minerva Hospitalities Private Limited (which are yet to commence it operations / activities) are not being attached with the Balance Sheet of the Company. The Statement required under Section 212 of the Companies Act, 1956 is attached to the Annual Accounts of the Company.

The Audited Annual Accounts and related information of Subsidiaries as applicable will be made available upon request. Further, the annual accounts of the Subsidiary Companies will also be kept for inspection by any member of the Company or its Subsidiary at the registered office of the Company and that of the Subsidiary Company concerned.





## VICEROY HOTELS LIMITED

(CIN: L55101TG1965PLC001048)

Regd. Office: D. No: 8-2-120/115/14, 5th Floor, Shangrila Plaza, Opp. KBR Park,  
Road No: 2, Banjara Hills, Hyderabad - 500 034 Ph: 91-40-4034 9805 ; Fax: 91-40-4034 9828  
E-Mail: secretarial@viceroyhotels.com Web: www.viceroyhotels.com

### **ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Viceroy Hotels Limited. entrance of the meeting hall and no gifts / gift coupons will be distributed at the Annual General Meeting.

*DP ID No/Regd Folio No./Client Id No.	
Name and Address of the Shareholder	
No. of Shares Held:	

I/We hereby record my presence at the 49th Annual General Meeting of the shareholders of Viceroy Hotels Limited on Friday, the 26th September, 2014 at 11.00 A.M. at Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad – 500080, Telangana State.

\_\_\_\_\_  
Member's/ Proxy's name in Block Letters

\_\_\_\_\_  
Member's/Proxy's Signature

#### NOTES:

- 1) Please complete the DP ID- Client ID No. and name of the Member/Proxy, sign this attendance slip and hand it over, duly signed, at the entrance of the meeting hall.
- 2) Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

\*DP ID No, is applicable if shares are held in electronic form

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VICEROY

**VICEROY HOTELS LIMITED****(CIN: L55101TG1965PLC001048)**

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**PROXY FORM**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

CIN	L55101TG1965PLC001048
Name of the Company	Viceroy Hotels Limited
Registered Office	D. No: 8-2-120/115/14, 5th Floor, Shangrila Plaza, Opp. KBR Park, Road No: 2, Banjara Hills, Hyderabad - 500 034
Email Id	companysecretary@viceroyp-hotels.com
Folio No/ Client ID/DPID	

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1	Name		Signature
	Address		
	Email Id		
<b>Or failing him</b>			
2	Name		Signature
	Address		
	Email Id		
<b>Or failing him</b>			
3	Name		Signature
	Address		
	Email Id		

as my/ur proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 49th Annual General Meeting of the Company, to be held on Friday, the 26th day of September, 2014 at 11.00 A.M. at Marriot Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad – 500080, Telangana State and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl. No	Resolutions	For	Against
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	To appoint a Director in place of Mr. A.Vijayvardhan Reddy, Director, who retires by rotation and being eligible, offers himself for re-appointment as a Director		
3.	Appointment of Auditors and fixing their remuneration		
4.	Regularisation of Mr. P.Chakradhar Reddy, Additional Directors as Director of the Company		
5.	Appointment of Mr. K. Narasimhara Rao as an Independent Director		
6.	Appointment of Mr. P. Narendra as an Independent Director		
7.	Appointment of Mr. A. Poornachandra Rao, as an Independent Director		
8.	Borrowing powers as per Section 180 (1) (c) of Companies Act, 2013		
9.	Approval for authorising Board of Directors for creating charge/ mortgage on the assets of the Company as per Section 180 (1) (a) of Companies Act, 2013		

Signed this ..... day of ..... 2014.

Signature of shareholder : \_\_\_\_\_ Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Re. 1/-  
Revenue  
Stamp.

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



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**BOOK - POST**

**To**

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If Undelivered Please Return to :



***Viceroy Hotels Limited***

**Registered Office :**

# 8-2-120/115/14, 5th Floor, Shangrila Plaza, Opp. KBR Park,  
Road No. 2, Banjara Hills, Hyderabad - 500 034, Telangana State, India.

Tel. : 040 - 4034 9999 Fax : 040 - 4034 9828

E-mail : [secretarial@viceroyhotels.com](mailto:secretarial@viceroyhotels.com) Website : [www.viceroyhotels.com](http://www.viceroyhotels.com)