



TAJGVK

TAJGVK Hotels & Resorts Limited



21ST ANNUAL REPORT 2015 - 16



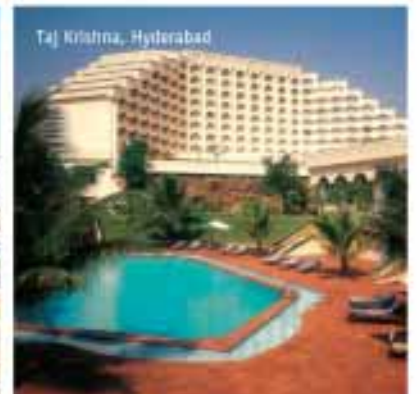
Taj Hyderabad, Hyderabad



Taj Chandigarh, Chandigarh



Taj Deccan, Hyderabad



Taj Krishna, Hyderabad



Grand Ballroom, Taj Santacruz, Mumbai

CORPORATE INFORMATION

Board of Directors

(As on 13.05.2016)

| | | |
|-----------------------------|---|--|
| Dr. GVK Reddy | : | Chairman |
| Mrs. G Indira Krishna Reddy | : | Managing Director |
| Mrs. Shalini Bhupal | : | Executive Director |
| Mr. G V Sanjay Reddy | : | Director |
| Mr. Krishnaram Bhupal | : | Director |
| Mr. Rakesh Sarna | : | Director |
| Mr. Anil P Goel | : | Director |
| Mr. D R Kaarthikeyan | : | Independent Director |
| Mr. C D Arha | : | Independent Director |
| Mr. K Jayabharath Reddy | : | Independent Director |
| Mr. M B N Rao | : | Independent Director |
| Mr. Ch G Krishna Murthy | : | Independent Director |
| Mr. S Anwar | : | Independent Director |
| Mr. A Rajasekhar | : | Independent Director |
| Mrs. Santha John | : | Independent Director |
| Mr. Rajendra Misra | : | Additional Director (w.e.f. 13.05.2016) |
| Mr. J Srinivasa Murthy | : | CFO & Company Secretary |

Committees of the Board

Audit Committee

| | | |
|-------------------------|---|----------|
| Mr. K Jayabharath Reddy | : | Chairman |
| Mr. Krishnaram Bhupal | : | Member |
| Mr. Anil P Goel | : | Member |
| Mr. D R Kaarthikeyan | : | Member |
| Mr. C D Arha | : | Member |
| Mr. M B N Rao | : | Member |

Nomination and Remuneration Committee

| | | |
|-------------------------|---|----------|
| Mr. K Jayabharath Reddy | : | Chairman |
| Mr. Rakesh Sarna | : | Member |
| Mr. D R Kaarthikeyan | : | Member |
| Mr. C D Arha | : | Member |

Corporate Social Responsibility Committee

| | | |
|-----------------------------|---|----------|
| Mr. Ch G Krishna Murthy | : | Chairman |
| Mrs. G Indira Krishna Reddy | : | Member |
| Mr. D R Kaarthikeyan | : | Member |

Stakeholders Relationship Committee

| | | |
|-----------------------------|---|----------|
| Mr. Ch G Krishna Murthy | : | Chairman |
| Mrs. G Indira Krishna Reddy | : | Member |
| Mr. Anil P Goel | : | Member |

Statutory Auditors

M/s Brahmayya & Company
Flat No.403 & 404, Golden Green
Apartments, Irrum Manzil Colony,
Hyderabad - 500 082.

Secretarial Auditors : M/s. Narender & Associates
Company Secretaries 403, Naina
Residency Srinivasa Nagar (East),
Ameerpet, Hyderabad – 500 038.

Company Bankers : IDBI Bank Limited
HDFC Bank Limited.
AXIS BANK Limited

Registered Office : **TAJGVK Hotels & Resorts Limited**
CIN: L40109AP1995PLC019349
Taj Krishna, Road No.1 Banjara Hills,
Hyderabad – 500 034.
E-mail: tajgvkshares.hyd@tajhotels.com
www.tajgvk.in
Ph No.040-66293664

Registrars & Share Transfer Agents : Venture Capital and Corporate Consultants Pvt. Ltd.
12-10-167, Bharat Nagar Hyderabad 500 018.
Tel: 040 23818475, 040-23818476
Fax: 040 23868024
E-mail: info@vccipl.com, www.vccipl.com

Stock Exchanges where Company's Securities are listed : Bombay Stock Exchange Limited
National Stock Exchange of India Limited

FINANCIAL HIGHLIGHTS

(Rs.in crores)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|--|---------------|---------|---------|---------|---------|
| Gross revenue | 271.99 | 250.02 | 245.13 | 254.24 | 255.94 |
| Profit before tax | 15.56 | (1.83) | 8.73 | 13.60 | 42.78 |
| Profit after tax(after extraordinary / prior period items) | 8.42 | (1.97) | 4.98 | 8.78 | 29.33 |
| Dividend (incl. Dividend tax and surcharge, if any) | 3.02 | NIL | 1.47 | 3.67 | 10.92 |
| Shareholders' Funds | 351.89 | 346.49 | 348.46 | 344.95 | 339.84 |
| Term Borrowings | 253.13 | 269.35 | 216.86 | 200.75 | 167.00 |
| Debt Equity ratio | 0.77:1 | 0.78:1 | 0.62:1 | 0.58:1 | 0.49:1 |
| Book value per share (Rs) | 56.12 | 55.26 | 55.57 | 55.01 | 54.20 |
| Earnings per share (Rs) | 1.34 | (0.31) | 0.79 | 1.40 | 4.68 |
| Dividend % | 20% | NIL | 10% | 25% | 75% |

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NOTICE OF THE 21ST ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING of TAJGVK HOTELS & RESORTS LIMITED** will be held at **Sri Sathya Sai Nigamagamam, 8-3-987/2, Sri Nagar Colony, Hyderabad – 500073 on Thursday, the 4th August, 2016**, at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Stand alone and Consolidated Audited Profit and Loss Account for the year ended March 31, 2016, and the Balance Sheet and Cash Flow Statement as on at that date, together with the Directors' Report and the Auditors' Report thereon.
- 2) To consider and declare dividend on the Equity Shares for the financial year ended March 31, 2016.
- 3) To appoint a Director in place of Dr. GVK Reddy (**DIN 00005212**) who retires by rotation and being eligible, offers himself for re-appointment as Director liable to retire by rotation.
- 4) To appoint a Director in place of Mr. Anil P Goel (**DIN 00050690**) who retires by rotation and being eligible, offers himself for re-appointment as Director liable to retire by rotation.
- 5) To appoint M/s Brahmayya & Company, Chartered Accountants (ICAI Registration No.000513S), to hold the office as Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and authorize the Audit Committee and the Board of Directors to fix their Remuneration for the year ending 31st March, 2017.

SPECIAL BUSINESS:

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

“ **RESOLVED THAT** pursuant to the provisions of sections 149, 152 read with all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **Mr. Rajendra Misra (DIN 07493059)**, who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of whom the Company has

received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, liable to retire by rotation be and is hereby appointed as a Director under the category of **Non-Executive Non-Independent Director** of the Company.”

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

“ **RESOLVED THAT** pursuant to the provisions of section 197 and other applicable provisions, if any of the Companies Act, 2013 read together with Schedule V and the Rules framed there under including any statutory modification thereof, for the time being in force and in pursuance of the resolution passed by the members of the Company at the AGM held on 28th July 2015 and subject to the approval of the Central Government and/ or such other necessary approval(s), consent(s), or permission(s) as may be required and conditions / modifications if any, as may be prescribed or imposed by the Central Government and the members do hereby ratify and confirm the remuneration paid in excess of the limits prescribed under the provisions of section 197, read with Schedule V of the Companies Act 2013, amounting to **Rs.189,48,625/-** to Mrs. G. Indira Krishna Reddy, Managing Director for the financial year 2015-16 and to waive the recovery of the excess amount from her, being the remuneration agreed to be paid to her as per the terms of approval of the members, to the extent it exceeds the statutory limit laid down under the Companies Act 2013 and also approval of the consequential retention thereof by Managing Director of the Company.

“**RESOLVED further that** the Board of Directors or a Committee thereof be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals- statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign execute deeds, applications, documents, writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution”.

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

“ **RESOLVED that** pursuant to the provisions of section 197 and other applicable provisions, if any of the Companies Act, 2013 read together with Schedule V and the Rules framed there under including any statutory modification thereof, for the time being in force and in pursuance of the resolution passed by the members of

the Company at the AGM held on 1st August, 2014 and subject to the approval of the Central Government and/or such other necessary approval(s), consent(s), or permission(s) as may be required and conditions/modifications if any, as may be prescribed or imposed by the Central Government and the members do hereby ratify and confirm the remuneration paid in excess of the limits prescribed under the provisions of section 197, read with Schedule V of the Companies Act 2013, amounting to **Rs.81,11,830/-** to Mrs. Shalini Bhupal, Executive Director for the financial year 2015-16 and to waive the recovery of the excess amount from her, being the remuneration agreed to be paid to her as per the terms of approval of the members, to the extent it exceeds the statutory limit laid down under the Companies Act 2013 and also approval of the consequential retention thereof by Executive Director of the Company.

“RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals- statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign, execute deeds, applications, documents, writings that may be required , on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution”.

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

“RESOLVED THAT the consent, approval and ratification of the members of the company be and is hereby accorded to the change in the Registrar and Share Transfer Agent of the company from M/s Karvy Computer share Private Limited, Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District,

Nanakramguda, Serilingampally, Hyderabad – 500 008 to M/s Venture Capital and Corporate Investments Pvt. Limited # 12-10-167, Bharat Nagar, Hyderabad – 500 018 with effect from 10th December, 2015.

“FURTHER RESOLVED THAT the consent, approval ratification of the members of the company be and hereby accorded to shift all the Register of Members, Shares Transfer Register, Index of Members and all other relevant documents / records from M/s Karvy Computer share Private Limited, Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008 to M/s. Venture Capital and Corporate Investments Pvt. Limited # 12-10-167, Bharat Nagar, Hyderabad – 500 018”.

“RESOLVED FURTHER THAT Mrs. G Indira Krishna Reddy, Managing Director or Mrs. Shalini Bhupal, Executive Director and/ or Mr. J Srinivasa Murthy, CFO & Company Secretary of the Company be and are hereby authorised to sign / execute any agreement / documents to give effect to this resolution and also authorized to file the relevant documents with Stock Exchanges and other authorities.

By Order of the Board of Directors
For **TAJGVK Hotels & Resorts Limited**

J SRINIVASA MURTHY
CFO & Company Secretary
M. No. : F4460

Place : Hyderabad
Date : 13th May, 2016

Registered Office:
Taj Krishna, Road No.1,
Banjara Hills, Hyderabad 500 034.
CIN: L40109AP1995PLC019349
Email: tajgvkshares.hyd@tajhotels.com
Website: www.tajgvk.in
Ph No: 040- 66662323

NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Proxy form duly completed must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday the 30th July, 2016 to Thursday the 4th August, 2016 (both days inclusive) for the purpose of the Annual General Meeting of the Company and for payment of dividend.
- 4) Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representatives(s) authorised under the said resolution to attend and vote on their behalf at the meeting
- 5) The Dividend for the financial year ended 31st March, 2016, as recommended by the Board, if approved at the AGM, will be paid on or after 9th August, 2016 to those members whose name appears in the Register of Members of the Company as on the book closure dates.
- 6) Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and/ or bank mandate immediately to their Depository Participants.
- 7) Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Venture Capital and Corporate Investments Private Limited / Investor Service Department of the Company immediately.
- 8) 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 at the Meeting.
- 9) The Register of Directors and Key Managerial Personnel and their Shareholding maintained under section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are Interested under Section 189 of Companies Act, 2013 will be available for inspection at the Annual General Meeting.
- 10) For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
- 11) The Securities and Exchange Board of India (SEBI) has mandated submission of the permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are , therefore, requested to submit PAN details to the Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Venture Capital and Corporate Investments Private Limited / Investor Service Department of the Company.
- 12) **Unclaimed Dividend:**
During the year 2015-16 the Company has transferred unclaimed amount of Rs.33,72,854.40 out of dividend declared for the financial year 2007-08 to the General Revenue Account / Investor Education and Protection Fund (IEPF) of the Central Government as required under Section 125 of the Companies Act, 2013. Members may please note that if dividend remains unpaid or unclaimed for a period of seven years from the date when it is transferred to unpaid dividend accounts, it shall be transferred to the IEPF as stated above.

Members who have not encashed their dividend warrants within the validity period may write to CFO & Company Secretary, TAJGVK Hotels & Resorts Limited, Taj Krishna, Road No.1, Banjara Hills, Hyderabad – 500 034, for obtaining payment in lieu of such dividend warrants. The detailed dividend history and the due dates of transfer to IEPF are available on the website of the company www.tajgvk.in. Information in specific of such unclaimed dividend when due for transfer to the IEPF are given below:

| Financial year | Dividend declared % | Date of Declaration of dividend | Last Date for claiming unpaid dividend | Unclaimed dividend (in Rupees) | Due date for transfer to the IEPF A/c |
|----------------|---------------------|---------------------------------|--|--------------------------------|---------------------------------------|
| 2008-09 | 100% | 25.07.2009 | 24.07.2016 | 24,33,324.00 | 24.08.2016 |
| 2009-10 | 100% | 26.07.2010 | 25.07.2017 | 23,50,552.00 | 25.08.2017 |
| 2010-11 | 100% | 26.07.2011 | 25.07.2018 | 24,11,872.00 | 25.08.2018 |
| 2011-12 | 75% | 27.07.2012 | 26.07.2019 | 20,63,300.00 | 26.08.2019 |
| 2012-13 | 25% | 30.07.2013 | 29.07.2020 | 7,84,506.50 | 29.08.2020 |
| 2013-14 | 10% | 01.08.2014 | 31.07.2021 | 3,45,071.00 | 30.08.2021 |

13) Unclaimed Physical Shares of erstwhile Hotel Sree Krishna Limited (HSKL)

The Company vide letter dated 22.02.2016 informed the members to surrender and exchange their erstwhile Hotel Sree Krishna Limited (HSKL) share certificate(s) with the new share certificate(s) of TAJGVK immediately. As required under Regulations 39(4) read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is in the process of issuing 2nd & 3rd intimation to shareholders to exchange the old share certificate(s) with new certificate(s), before transferring the unclaimed shares to an account named **Unclaimed Suspense Account** as per SEBI Regulations.

- 14) Pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the particulars of Directors seeking appointment and re-appointment at the meeting are annexed to this notice.
- 15) Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members who have not registered their email address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' to M/s. Venture Capital and Corporate Investments Pvt. Ltd., or Investor Service Department of the Company. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.
- 16) The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address are registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

17) Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday the 29th July, 2016 (cut-off date) i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting).

The remote e-voting period will commence at 9.00 a.m. on 30th July, 2016 and will end at 5.00 p.m. on 3rd August 2016. The Company has appointed M/s. Narender & Associates, Practicing Company Secretaries, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

E-voting procedure

The company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. Karvy Computershare Pvt. Ltd., (KCPL).

The instructions for members for voting electronically are as under:-

- (A) In case of members receiving e-mail:
- i) Log on to the e-voting website <https://www.evoting.karvy.com>
 - ii) Click on "Shareholders" tab to cast your votes.
 - iii) Now, select the Electronic Voting Sequence Number- "ESVN" along with "COMPANYNAME" from the drop down menu and click on "SUBMIT"
 - iv) If you are holding shares in Demat form and had logged on to <https://www.evoting.karvy.com> and casted your vote earlier for ESVN of any Company, then your existing login id and password are to be used.
 - v) Now, fill up the following details in the appropriate boxes:

| | For Members holding shares in Demat Form | For Members holding shares in Physical Form |
|---------|--|--|
| User ID | For NSDL: 8 Character DP ID following by 8 Digits Client ID For CDSL: 16 digits beneficiary ID | Folio Number registered with the Company and then enter the Captcha Code as displayed |
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholder) | |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. | |

Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and sequence number in the PAN field. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after first two characters of the name in CAPITAL letters. Eg. If your name is Rajesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter "999999999" in the dividend bank details and 16/06/2016 in the Date of Birth field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach "Password Creation" Menu wherein they are required to mandatorily change 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 Karvy Platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) For Members holding shares in physical form, the details can be used only for E-voting on the resolutions contained in the Notice.
- ix) Click on the relevant EVSN on which you choose to vote.
- x) On the voting page, you will see Resolution Description and against the same the option "YES / NO" for voting. Select the option YES or NO as desired, the option YES implies that you assent to the Resolution and option NO implies that you dissent to the resolution.
- xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xii) 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.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) 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.

In case of members receiving the physical copy:

- (B) Please follow all steps from sl. no. (i) to sl. No. (xiv) above to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evoting.karvy.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The E-voting period begins on 30th July, 2016 at 9:00 a.m. and ends on 3rd August 2016 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date, may cast their vote electronically. The e-voting module shall be disabled by M/s. Karvy Computershare Pvt. Ltd., (KCPL) for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) 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 <https://www.evoting.karvy.com> under help section or write an email to: einward.risk@karvy.com or mailmanager@karvy.com.
- (F) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company.
- (G) Mr. Narender Gandhari, Practicing Company Secretary (Membership No. FCS4898), Partner of M/s. Narender & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (H) The Results shall be declared after counting of the remote E-voting and physical ballot after the AGM of the Company. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.tajgvk.in and will be communicated to the Stock Exchanges on which the company’s equity shares are listed.
- 18) Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- 19) Members desiring any information as regards the accounts are requested to write to the CFO & Company Secretary of the Company at an early date so as to enable the Management to reply at the Meeting.
- 20) 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.
- 21) **Voting through Physical Ballot**

In compliance with the provisions of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014 there under, the Company is pleased to provide members those who have not exercised their vote through remote E-Voting, can exercise their vote in physical form at ballot facility, being extended to the shareholders at the venue of the Meeting. The result of the physical ballot shall be declared along with the result of the remote E-Voting.

**By Order of the Board of Directors
For TAJGVK Hotels & Resorts Limited**

**J SRINIVASA MURTHY
CFO & Company Secretary
M. No. : F4460**

Place : Hyderabad
Date : 13th May, 2016

Registered Office:

Taj Krishna, Road No.1, Banjara Hills, Hyderabad 500 034.
CIN: L40109AP1995PLC019349
Email: tajgvkshares.hyd@tajhotels.com
Website: www.tajgvk.in
Ph No: 040- 66662323

EXPLANATORY STATEMENT

(Pursuant to section 102(1) of the Companies Act, 2013)

The following Explanatory Statement sets out the material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO.6

The Board of Directors of the Company appointed Mr. Rajendra Misra (**DIN 07493059**), as an Additional Director of the Company with effect from 13th May 2016. In terms of the provisions of Section 161(1) of the Companies Act, 2013. Mr. Rajendra Misra (**DIN 07493059**) would hold office up to the date of the ensuing Annual General Meeting.

The Company has received notice from IHCL, a shareholder under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Rajendra Misra (**DIN 07493059**) for the office of Director of the Company. The company also received confirmation in terms of Section 164 of the Companies Act, 2013 from Mr. Rajendra Misra (**DIN 07493059**) that he is not disqualified from being appointed as Director.

Brief resume of Mr. Rajendra Misra (**DIN 07493059**) nature of his expertise in specific functional areas and names of Companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Listing agreement entered with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report. His brief profile is as follows:

Mr. Rajendra Misra is the General Counsel Taj group of companies. The Legal and Company Secretarial functions at the Taj group report to him. He holds a Bachelor of Laws degree (LLB) from the University of Calcutta, and is a Post Graduate Diploma in Patents Law (PGDPL) from the National Academy of Legal Studies and Research University(NALSAR). He has also completed the Hawkesmere Course on International Intellectual Property Law from London.

Mr. Misra is a seasoned legal professional with more than 24 years experience in the legal field. During this period, he has served as in-house legal counsel of several leading business corporations like Hindustan Unilever Limited (HUL) and ITC Limited. He has extensive experience and expertise in various legal fields including Litigation Management, Intellectual Property Management, Competition law, corporate laws, etc.,

Before joining the Taj group, Mr. Misra was the Senior Legal Counsel of HUL and a member of the HUL Leadership Team. He led the Legal team partnering the

Personal Care and Home Care businesses of HUL, and was the Global Brand Legal Counsel for two iconic Unilever brands - Lifebuoy and Fair & Lovely, apart from serving as the Brand Development Counsel for the South Asia region. Prior to joining HUL, Mr. Misra was the Associate General Counsel of ITC. He began his career as in-house counsel with the Indian Aluminium Company Limited (INDAL).

Keeping in view his vast expertise and knowledge in the Corporate Legal areas, it will be in the interest of the Company that Mr. Rajendra Misra (**DIN 07493059**) be appointed as a Director liable to retire by rotation as Non Executive Non Independent Director of the company.

This Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Listing agreement entered with the Stock Exchanges

Save and except Mr. Rajendra Misra (**DIN 07493059**) and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice of 21st Annual General Meeting.

The Board commends the Ordinary Resolution set out at Item No.6 of the Notice for approval by the shareholders.

ITEM NO.7

The company appointed Mrs. G. Indira Krishna Reddy (DIN 00005230) as Managing Director for a period of 5 years with effect from 25.04.2015 at the Annual General Meeting held on 28th July 2015, on a remuneration payable as per the terms of her appointment. The said remuneration shall also be the minimum remuneration payable to her in case of no profits/Inadequate profits in any financial year during the term of her appointment. During the financial year 2015-16, the company has paid remuneration as per the terms of her appointment and due to inadequate profits, the remuneration paid to her is in excess of the limits prescribed under section 197 and read with Schedule V of the companies Act 2013.

The company's performance has taken hit on account of the geo- political situation in Andhra Pradesh/ Telangana, post bifurcation of the State. The Nomination and Remuneration Committee of the Board and the Board of Directors at their meeting(s) held on 13th May 2016 approved to waive of the recovery of the excess amount of Rs.189,48,625/- paid to Mrs. G. Indira Krishna Reddy, Managing Director and recommended the resolution for approval of the Shareholders at the ensuing Annual General Meeting.

Dr. GVK Reddy, Mr. G V Sanjay Reddy, Mrs. Shalini Bhupal and Mr. Krishnaram Bhupal being related to Mrs. G Indira Krishna Reddy, are interested and concerned in the above resolution along with the incumbent.

Save and except Mrs. G. Indira Krishna Reddy (DIN 00005230) and her relatives to the extent of their shareholding interest, if any in the Company, none of the Directors/ Key Managerial Personnel of the Company/their Relatives or in any way concerned or interested Financially or otherwise in the Resolution set out at Item no.7 of the Notice of 21st Annual General Meeting.

The Board commends the Special Resolution set out at Item No.7 of the Notice for approval by the shareholders as Special Resolution.

ITEM NO.8

The company appointed Mrs. Shalini Bhupal as Executive Director for a period of 5 years with effect from 16th June 2014, at the Annual General Meeting held on 1st August 2014, on a remuneration payable as per the terms of her appointment. The said remuneration shall also be the minimum remuneration payable to her in case of no profits/ adequacy of profits in any financial year during the term of her appointment. During the financial year 2015-16, the company has paid remuneration as per the terms of her appointment and due to inadequate profits, the remuneration paid to her is in excess of the limits prescribed under section 197, 198, 309 and read with Schedule V of the companies Act 2013.

The company's performance has taken hit on account of the geo- political situation in Andhra Pradesh/ Telangana, post bifurcation of the state. The Nomination and Remuneration Committee of the Board and the Board of Directors at their meeting(s) held on 13th May 2016 approved to waive of the recovery of the excess amount of Rs. 81,11,830/- paid to Mrs. Shalini Bhupal, Executive Director and recommended the resolution for approval of the Shareholders at the ensuing Annual General Meeting.

Dr. GVK Reddy, Mrs. G. Indira Krishna Reddy, Mr. G V Sanjay Reddy, and Mr. Krishnaram Bhupal being related to Mrs. Shalini Bhupal, are interested and concerned in the above resolution along with the incumbent.

Save and except Mrs. Shalini Bhupal (DIN 00005431) and her relatives to the extent of their shareholding interest, if any in the Company, none of the Directors/ Key Managerial Personnel of the Company/their Relatives or in any way concerned or interested Financially or otherwise in the Resolution set out at Item no.8 of the Notice of 21st Annual General Meeting.

The Board commends the Special Resolution set out at Item No.8 of the Notice for approval by the shareholders as Special Resolution.

ITEM NO.9

The company changed the Registrar and share Transfer Agent(RTA) from M/s. M/s Karvy Computer share Private Limited, Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008 to M/s. M/s. Venture Capital and Corporate Investments Pvt. Limited # 12-10-167, Bharat Nagar, Hyderabad – 500 018. In terms section 88 of the Companies Act 2013 read with other applicable provisions if any and also with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the approval and ratification of the members is sought for change in the Registrar and share Transfer Agent and also the Electronic connectivity, pursuant to the appointment of the new RTA, the Register of Members and the Index of Members needs to be shifted from M/s Karvy Computershare Pvt. Ltd., to **M/s. Venture Capital and Corporate Investments Pvt. Ltd.**, and the Board also approved the same as required u/s 88 of the Companies Act, 2013, to maintain the Register of members in a place other than registered office or while shifting the place for keeping the register of members oand index of members.

It is now proposed to shift the Register of Members and Index of members from existing RTA, i.e., from M/s Karvy Computershare Pvt. Ltd to **M/s. Venture Capital and Corporate Investments Pvt. Ltd.**,

None of the Directors/ Key Managerial Personnel of the Company/their Relatives are in any way concerned or interested Financially or otherwise in the Resolution set out at Item no.9 of the Notice of 21st Annual General Meeting.

The Board commends the Special Resolution set out at Item No.9 of the Notice for approval by the shareholders as Special Resolution.

By Order of the Board of Directors
For **TAJGVK Hotels & Resorts Limited**

J SRINIVASA MURTHY
CFO & Company Secretary
M. No. : F4460

Place : Hyderabad
Date : 13th May, 2016

Registered Office:

Taj Krishna, Road No.1,
Banjara Hills, Hyderabad 500 034.
CIN: L40109AP1995PLC019349
Email: tajgvkshares.hyd@tajhotels.com
Website: www.tajgvk.in
Ph No: 040- 66662323

PROFILE OF DIRECTORS

(Seeking Re-appointment & Appointment)

1. **Dr GVK Reddy** is the Founder Chairman and Managing Director of GVK Group, a diversified business conglomerate with a predominant focus on infrastructure development. He began his career by contracting major irrigation projects including bridges, dams and irrigation canals. GVK has today emerged as one of the key players in India's infrastructure development. Apart from Airports, Roads & Power and Life Sciences, in the hospitality sector, GVK has built some of the finest luxury hotels in Hyderabad, Chandigarh, Chennai and Mumbai .

Dr GVK Reddy has been a pioneer in India's infrastructure sector. Guided by his vision and leadership, GVK has successfully implemented projects in record time.

- GVK set up India's first Independent Power Project (IPP) in the private sector at Jegurupadu, Andhra Pradesh to generate 217 MW power and added another 228 MW in the second phase. GVK commissioned another power plant at Kakinada, AP, to generate 469 MW power.
- GVK has successfully executed India's first six-lane expressway connecting Jaipur to Kishangarh in the state of Rajasthan. GVK is also developing a four-lane road project between Deoli and Kota in Rajasthan and a six-lane project between Bagodara and Vasad in Gujarat.
- GVK has developed and commissioned a 330MW hydro power project in the state of Uttarakhand, and 540MW thermal power project in the state of Punjab.
- GVK is engaged in the operation and modernization of Mumbai's Chhatrapati Shivaji International Airport, which has been termed as one of the most challenging infrastructure projects in the world. GVK CSIA's new integrated Terminal 2 which commenced operations on 12 February, 2014, has bagged many awards and accolades and attained an iconic status across the globe for integrating a world-class design, infrastructure and operational efficiency.
- GVK acquired stake of 43% in Bangalore International Airport Limited, and took over the management of Kempegowda International Airport, Bengaluru and is developing the infrastructure to meet the growing air traffic. The new Terminal at GVK KIA is at par with the best in the world with enhanced design and facilities to elevate passengers' travel experience.
- He also heads GVK EMRI, one of the most significant Corporate Social Responsibility initiatives of GVK. This is an emergency response services provider under a Public Private Partnership model spread across 15 states and two UTs of India. Dr. Reddy is a philanthropist and a keen supporter of India's budding sporting talent.

Dr. GVK Reddy is related to Mrs. G. Indira Krishna Reddy, Managing Director, Mrs. Shalini bhupal, Executive Director, Mr. G.V. Sanjay Reddy, Director and Mr. Krishnaram Bhupal, Director. Other than the said directors, he is not related to any other director and he is holding 3805981 Equity Shares of the Company.

2. **Mr. Anil P Goel** is a graduate in Honors from Shri Ram College of Commerce in Delhi and is a Chartered Accountant and has been a director since 2004 on the Board of the Company. He has been with the Tata Group, for the last 33 years and presently he is the Executive Director – Finance and CFO of IHCL. He has versatile experience in various financial roles, including that of the CFO of Tata Beverages in the past, he brings a unique understanding of fiscal responsibility to Taj is charged with the task of overseeing the Taj Group's Finance, Mergers and Acquisitions, Purchases and Technology functions. He is not related to any other director and he is not holding any shares of the Company.

Details of Directors Seeking Re-appointment & Appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Regulation 27(2)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

| Name of the Director | Dr. GVK Reddy | Mr. Anil P Goel | Mr. Rajendra Misra |
|--|--|---|---------------------------|
| Date of Birth | 22.03.1937 | 20.05.1957 | 01.08.1967 |
| Date of Appointment | 02.02.1995 | 23.10.2004 | 13.05.2016 |
| Qualifications | B.A., | FCA | LL.B |
| Expertise in specific functional areas | Project Development and Execution | Finance, Accounts & Taxation | Legal and General Counsel |
| List of Companies in which outside Directorship held as on 31.03.2016 | 1). GVK Power & Infrastructure Ltd. 2). GVK Industries Ltd. 3). GVK Gautami Power Ltd. 4). GVK Energy Ltd. 5). Bengaluru International Airport Ltd. 6). GVK Airport Developers Ltd. | 1). ELEM Hotels Company Ltd. 2). The Indian Hotels Company Ltd. 3). TIFCO Holdings Ltd. 4). Taj Kerala Hotels & Resorts Ltd. 5). Piem Hotels Ltd. 6). Roots Corporation Ltd. 7). TAJ SATS Air Catering Ltd. 8). Kaveri Retreat & Resorts Ltd. 9) Oriental Hotels Ltd. | NIL |
| Chairman / Member of the *Committees of other Companies on which he / she is a Director as on 31.03.2016 | NIL | Audit Committee: Member a) Taj SATS Air Catering Ltd., b) Roots Corporation Ltd. c) Piem Hotels Ltd. | NIL |

* The Committees include the Audit Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty First Annual Report of the Company together with the Consolidated and Standalone Audited Accounts for the year ended 31st March 2016.

FINANCIAL RESULTS

The Standalone performance of the Company for the financial year ended 31st March 2016 is as below:

(Rs.In Crores)

| PARTICULARS | 2015-16 | 2014-15 |
|---|---------------|---------|
| Turnover | 271.99 | 250.02 |
| Earnings before Depreciation, Interest & Tax (EBDITA) | 65.16 | 50.72 |
| Less: Depreciation | 18.47 | 24.77 |
| Profit Before Interest & Tax | 46.69 | 25.95 |
| Less: Interest | 31.13 | 27.78 |
| Profit Before Tax / (loss) | 15.56 | (1.83) |
| Less: Provision for: | | |
| Current Tax | 3.40 | 0.14 |
| Deferred Tax | 6.92 | - |
| MAT Credit Entitlement | (3.40) | - |
| Short Provision of tax of earlier years | 0.23 | - |
| Profit After Tax / (loss) | 8.42 | (1.97) |
| Profit Brought forward from previous year | 196.94 | 198.91 |
| Profit Available for appropriation | 205.36 | 196.95 |
| Less: Dividend Paid | 2.51 | 0 |
| Less: Dividend Tax | 0.51 | 0 |
| Profit Carried forward to Balance Sheet | 202.34 | 196.95 |
| Earnings per Share (Rs.) | 1.34 | (0.31) |

Company's Performance:

The total Income for the year ended March 31, 2016 at Rs. 271.99 Crores was higher than that of the previous year by 8.79%. While Room Income was higher by 11.88%, Food & Beverage income Rs.137.20 higher by 7.04% over the previous year, aided by growth in restaurant sales and banqueting income. During the year, the Company continued to face a challenging environment, wherein the Company owns / operates hotels and / or markets that are a source of business for us. Due to flash floods in Chennai during November and December 2015, the Taj Club House hotel lost confirmed business of around Rs.1.85 crore and in case of Taj Chandigarh due to agitation during January & February 2016, the hotel also lost the confirmed business of

around Rs. 0.70 crore. Due to these un-precedent events, the total income was slightly lower than the budgeted estimates.

DEPRECIATION AND FINANCE COSTS

Depreciation for the year was lower at Rs.18.47 crores as compared to Rs.24.77 crores for the previous year.

Finance costs for the year ended March 31, 2016 was Rs.31.13 crores, which is higher by Rs.3.35 crores than the finance costs of the preceding year, on account of Taj Krishna CWIP capitalized during the year which led to high interest outgo.

TRANSFER OF AMOUNT TO RESERVES

The company does not propose to transfer any amount to reserves.

DIVIDEND

During the financial year 2015-16, the Board of Directors are pleased to declare a dividend of Rs.0.40 per equity share of Rs. 2/- each (Compared to - Nil dividend in the previous year). The total dividend of Rs. 0.40 per equity share of Rs. 2/- for the financial year will absorb Rs. 302 lakhs including Dividend Distribution Tax of Rs. 51 lakhs.

The Dividend subject to approval of the members at the Annual General Meeting on 4th August, 2016 will be paid on or after 9th August, 2016 to the members whose name appear in the Register of Members as on the date of Book closure i.e., 30th July, 2016 to 4th August, 2016 (both days inclusive).

FINANCIAL RESULTS

The Consolidated performance of the Company for the financial year ended 31st March 2016 is as below:

(Rs.In Crores)

| PARTICULARS | 2015-16 |
|---|---------------|
| Turnover | 279.03 |
| Earnings before Depreciation, Interest & Tax (EBDITA) | 63.30 |
| Less: Depreciation | 20.06 |
| Profit Before Interest & Tax | 43.24 |
| Less: Interest | 33.07 |
| Profit Before Tax / (loss) | 10.17 |
| Less: Provision for: | |
| Current Tax | 3.40 |
| Deferred Tax | 6.35 |
| MAT Credit Entitlement | (3.40) |
| Short Provision of tax of earlier years | 0.23 |
| Profit After Tax / (loss) | 3.59 |
| Profit Brought forward from previous year | 196.94 |
| Profit Available for appropriation | 201.60 |
| Less: Dividend Paid | 2.51 |
| Less: Dividend Tax | 0.51 |
| Profit Carried forward to Balance Sheet | 201.60 |
| Earnings per Share (in Rs.) | 0.74 |

The company's JV company i.e. Greenwoods Palaces & Resorts Private Limited in which TAJGVK has 48.99% of equity has completed the construction of Taj Santacruz hotel , 5 star luxury deluxe hotel at Mumbai International Airport Domestic terminal and started the commercial operations from January 2016. During the previous financial year 2014-15, the hotel is under construction and hence the previous year figures are not available.

BORROWINGS/INDEBTNESS

The total long term borrowings of the company stood at Rs.269.35 crores for the year ended 31st March 2016 as compared to Rs.269.35 crores as at March 31, 2015. The repayment of long term loans will start from the quarter ending September 2016.

EXPANSIONS / RENOVATION PLANS:

BENGALURU HOTEL PROJECT

The Company has been allotted around 7.5 acres land in Yellahanka, Bengaluru for the hotel project. The construction of 2 bridge(s) across the land abutting Company land to connect to the National Highway is completed. The hotel building plans are under evaluation, and expect to approach the authorities shortly for building approval.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year 2015-16, Five (5) Board meetings were held. And one independent directors meeting was held on 31st March 2016 as required under the schedule IV section vii of Companies Act, 2013. The dates on which the Board meetings were held are 11.05.2015, 28.07.2015, 26.10.2015, 29.01.2016 and 31.03.2016.

MECHANISM FOR EVALUATION OF BOARD

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and individual Directors.

1. Criteria for evaluation of Board of Directors as a whole

- i. The frequency of meetings;
- ii. The length of meetings;
- iii. The administration of meeting;
- iv. The number of committees and their notes;
- v. The flow of information to board members and between board members;
- vi. The quality and quantity of information; and
- vii. The Disclosure of information to the stakeholders.

2. Criteria for evaluation of the Individual Directors

- i. Ability to contribute and monitor corporate governance practices;
- ii. Ability to contribute by introducing best practices to address top management issues;

- iii. Participation in long term strategic planning;
- iv. Commitment to the fulfillment of director obligations and fiduciary responsibilities;
- v. Guiding strategy
- vi. Monitoring management performance and development;
- vii. Statutory compliance & Corporate Governance;
- viii. Attendance and contribution at Board / Committee meetings;
- ix. Time spent by each of the member; and
- x. Core competencies.

DIRECTORS

In accordance with the Companies Act, 2013 read with the Articles of Association of the Company, Dr. GVK Reddy and Mr. Anil P Goel, Directors, retires by rotation and being eligible offered themselves for re-appointment.

Mr. Rajendra Misra (DIN 07493059) has been co-opted as an Additional Director on 13th May 2016 and shall hold the office up to this Annual General Meeting. Your company is in receipt of notice under section 160, 161(1) of the Companies Act, 2013 for his appointment as a Director liable to retire by rotation under the category of **Non-executive Non-Independent Director** of the Company. The Board recommends his appointment as Director liable to retire by rotation.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS UNDER SECTION 149 (10) OF THE COMPANIES ACT, 2013

All the Independent Directors of the company are appointed for a fixed term of 5 years in the last Annual General Meeting held on 28th July 2015 and they are not counted for determination of directors liable to retire by rotation.

The Independent Directors of your company have given the certificate of Independence to your company stating that they meet the criteria of Independence as mentioned under section 149(6) of the Companies Act, 2013.

SECRETARIAL AUDIT

Your Company appointed M/s. Narender & Associates, Practicing Company Secretaries, (Certificate of Practice No.5024) Hyderabad to conduct the Secretarial Audit of the Company as per the provisions under section 204(1) of the Companies Act, 2013 and other laws as applicable for the financial year 2015-16.

The Report in Form **MR-3** is enclosed as Annexure - 1 to this Annual Report and there are no adverse observations by the Secretarial Auditors.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Mr. K Jayabharath Reddy, Chairman, Mr. Krishnaram Bhupal, Mr. Anil P Goel, Mr. M B N Rao, Mr. D R Kaarthikeyan and Mr. C D Arha.

Except Mr. Krishnaram Bhupal and Mr. Anil P Goel all the members of the Audit Committee are Independent Directors. During the year under review, Mr. Rakesh Sarna resigned as Member of the Audit Committee.

There is no such incidence where Board has not accepted the recommendation of the Audit Committee during the year under review.

STATUTORY AUDITORS

In terms of the sub-section (2) of section 139 of the Companies Act, 2013 (effective from 01-04-2014) no Listed Company shall appoint or re-appoint an Auditing Firm as the Auditor for more than two terms of five consecutive years. Provided that the firm is eligible to be re-appointed in the same Company after five years from the completion of first term.

In pursuance of the above, every listed Company shall comply with this requirement within a transitional period of three years from the date of commencement of the Act i.e. 1st April, 2014. M/s. Brahmayya & Co., the existing Auditors, have been appointed on 8th May 2000 as the Statutory Auditors of the Company for auditing the annual financial statements of the company for FY 1999-2000 and are further re-appointed every year and they completed the permissible period of two terms of five years each as on date.

At the Board meetings held on 12-05-2014 and 11-05-2015, the Board had reappointed them for financial years 2014-15 & 2015-16 separately and the company now proposes to re-appoint M/s. Brahmayya & Co., Chartered Accountants, as Statutory Auditors for another financial year i.e. 2016-17 subject to approval of the Shareholders. This will be the last financial year, for which, they can be re-appointed as the Statutory Auditors and the Company will appoint a new firm of Chartered Accountants as its Statutory Auditors to comply with the provisions of the Companies Act, 2013 as amended from time to time.

Based on the recommendations of the Audit Committee and subject to the approval of the shareholders, it is proposed to re-appoint M/s. Brahmayya & Co., as the Statutory Auditors of the Company for another financial year i.e. 2016-17. M/s. Brahmayya & Co, the Statutory Auditors of the Company will retire at the conclusion of this Annual General Meeting and being eligible, they have offered themselves for re-appointment as Statutory Auditors and have confirmed that their re-appointment, if made, would be within the limits prescribed under section 141 of the Companies Act, 2013. Accordingly, the Board recommends their reappointment at this AGM. The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

FINANCIAL STATEMENTS

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the

Company and its jointly controlled Associate is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its Jointly controlled Associate.

Indian Accounting Standards (Ind AS) IFRS Converged Standards

Your Company and its joint venture will adopt Ind AS with effect from 1st April, 2016 pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. In 2015- 16, your Company has substantially completed the assessment of the impact of the change to Ind AS on reported reserves and surplus and on the reported profit for the relevant periods. Your Company has also completed the modification of accounting and reporting systems to facilitate the changes. The implementation of Ind AS is a major change process and the preliminary impact assessment on Company's standalone financial statements is prepared and presented to the Board.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The details of Loans, Guarantees, Investments given during the Financial Year ended March, 31, 2016 are annexed to this Report in compliance with the provisions of section 186 of the Companies, Act, 2013 read with Companies (Meetings of Board and its powers) Rules, 2014.

PUBLIC DEPOSITS

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

INSURANCE

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company.

THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS

There were no non-compliances by the company and no instances of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments in the business operations of the company for the financial year ended 31st March, 2016 to the date of signing of the Director's Report.

INFORMATION TO BE FURNISHED UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Disclosure of information under Rule 5 (i) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in the Director's Report as annexed to this Report.

STATEMENT UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

There are no employees drawing remuneration of more than Rs. 60 lakhs or drawing remuneration of Rs. 5 lakhs per month if employed part of the year as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) rules 2014.

REPORT ON THE INTERNAL FINANCIAL CONTROLS

During the year under review, the company appointed M/s Brahmayya & Company, Chartered Accountants (Membership No.000515S), Bengaluru as consultants to prepare the Risk Matrix and Control Matrix for the company.

The statutory auditors of the company have tested the financial controls and they have not found any adverse/ non compliance of the control mechanisms.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, and secretarial auditors including Audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departures have been made from the same.
- b. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e. 31st March 2016 and of the profit of the Company for that period.
- c. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- d. They have prepared the annual accounts on a going concern basis;
- e. They have laid down internal financial controls for the company and such internal financial controls are adequate and were operating efficiently, and
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee consists of the following directors namely Mr. K Jayabharath Reddy, Chairman, Mr. Rakesh Sarna, Mr. D R Kaarthikeyan and Mr. C D Arha.

Brief description of terms of reference:

- ✓ Identifying persons who are qualified to become directors and
- ✓ Identifying persons who may be appointed as Key Managerial Person, senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
- ✓ Carry on the evaluation of every director's performance;
- ✓ Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- ✓ Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- ✓ Formulation of criteria for evaluation of Independent Directors and the Board;
- ✓ Devising a policy on Board diversity; and
- ✓ Any other matter as the Board may decide from time to time.

The Brief Policy for Selection of Directors and determining Directors' independence is annexed to this report.

NOMINATION AND REMUNERATION POLICY

The objectives of the Policy

- 1) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- 2) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- 3) To carry out evaluation of the performance of Directors.

- 4) To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 5) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The brief Nomination and Remuneration policy is annexed to this report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. As required under Regulations 17 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 read with the Listing Agreement entered with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' certificate on the compliance of Corporate Governance are annexed and form part of the Annual Report.

RISK MANAGEMENT COMMITTEE

Pursuant to Regulations 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with the Listing Agreement entered with the Stock Exchanges, the Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Auditor is well defined in the company. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

EXTRACTS OF ANNUAL RETURN

The extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure - 2** to this Report.

CORPORATE SOCIAL RESPONSIBILITY

Report on CSR as per Rule 8 of Companies (CSR Policy) Rules, 2014 is prepared, and average net profits of the Company for last three Financial Years is Rs.659.05 lakhs and prescribed 2% expenditure for the Financial Year 2015-16 was Rs.13.90 lakhs. The policy is uploaded on the Company's website

www.tajgvk.in under the corporate policies section. CSR Committee certificate of the responsibility statement is annexed to this report.

During the previous financial year 14-15, as against the prescribed limit of Rs. 43.39 lakhs, the company has not spent any amount earmarked for the CSR activities, due to delay in execution and handing over of the Lake by Bangalore Development Authority (BDA).

During the financial year under review the company has spent the entire amount pertaining to FY14-15 and FY 15-16 aggregating Rs.57.29 lakhs towards the excavation and rejuvenation of the Yelahanka Lake, Bengaluru, as per the suggestions and advise of BDA.

VIGIL MECHANISM

The Board of Directors has adopted Whistle Blower Policy. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Whistle Blower Policy.

MANAGEMENT DISCUSSION AND ANALYSIS

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

ECONOMY AND MARKETS

The trend of slowdown in global growth continued during the year. The below par performance of global economy was reflected in a continued growth deceleration in most emerging and developing economies, driven by low commodity prices, weaker capital inflows and subdued global trade against this global backdrop, the growth in India stayed fairly resilient. India was the fastest growing large economy with a stable currency that performed better than most other emerging market currencies. The domestic macro-economic conditions also remained stable. A significant drop in commodity costs led by crude oil and other interventions resulted in lower consumer inflation which allowed easing of interest rates in the economy.

Given the backdrop of a slowing market, a volatile input cost environment and heightened competitive intensity, the operating environment for your Company during the year continued to be challenging.

Your Company's performance for the year 2015-16 has to be viewed in the context of aforesaid economic and market environment.

RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy

on Related Party Transactions which is also available on Company's website at <https://www.tajgvk.in> under corporate policies. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length and on quarterly basis the transactions done during the quarter are placed before the audit committee for approval / ratification.

All Related Party Transactions are subjected to approval by Audit committee to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

OTHER INFORMATION

The Audit Committee of the Company reviewed the Consolidated and Standalone Financial statements for the year under review at its meeting held on 13th May 2016 and recommended the same for the approval of the Board of Directors.

HUMAN RESOURCES

Your Company operating in a competitive and dynamic environment places great importance in the overall training and development of its employees, who make the decisive difference in the hotel industry.

The total strength of employees of your Company for the year under review was about 1834 which includes executives, bargainable staff, trainees, apprentices and outsourced contract employees. Industrial Relations throughout the year continued to remain cordial.

QUALITY

The three properties at Hyderabad and the property at Chandigarh are HACCP (Hazard Analysis Critical Control Points) certified by the international certification agency BVQI. The 3 properties at Hyderabad and the property at Chandigarh, Chennai are also ISO 22000:2005 compliant by maintaining the desired norms for Food Safety Management Systems in Food & Beverage operations.

LISTING

The Equity Shares of your Company are listed on Bombay Stock Exchange Limited and 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. The company has paid the listing fee for the financial year 2016-17.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). The Company has designated the external independent member as a Chairperson for each of the Committees which was beyond the requirements of law. During the year, 3 complaints with allegations of sexual harassment were filed with the Company and the same were investigated and resolved as per the provisions of the Act.

DISCLOSURE OF INFORMATION AS REQUIRED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 (ACT) READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

(I) CONSERVATION OF ENERGY

The Company continued to focus on energy conservation measures during the year. Measures include replacement of incandescent lights with low power consumption LED lights, compact fluorescent and IR lights, installation of solar films to reduce heat loads, replacement of old chiller with energy efficient Screw chiller replacement of old boilers with high efficiency boilers and installation of high efficiency secondary treatment plants with improved recycling. Besides these, operational measures were continued to reduce energy consumption by regulating chiller set points according to ambient temperatures, minimizing steam consumption by optimizing steam utilization in kitchens and laundries.

Some of the actions planned for next year include replacement of energy intensive pumps with high efficiency pumping systems, replacement of energy intensive fans with energy efficient fans and the increased use of Secondary Treatment Plant water for cooling towers. Operational measures include close monitoring and control of energy consumption and frequent energy audits by the hotel Engineering Department.

Your Company remains focused on giving importance towards conservation of energy, which results in savings in consumption of electricity, a significant component of the energy cost, in an ongoing process.

(II) TECHNOLOGY ABSORPTION

The Company continues to absorb and upgrade modern technologies and advanced hotel management techniques in various guest contact areas, which includes wireless internet connectivity in all the hotels.

(iii) FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 134(3) (m) of the Companies Act, 2013, 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 given in Note No. 21(iii) is prepared and the same is hereunder.

Rs. In lakhs

| Particulars | March 31, 2016 | March 31, 2015 |
|-------------|----------------|----------------|
| Earned | 3,832.04 | 4,163.46 |
| Used | 252.75 | 253.83 |

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from customers, bankers, suppliers, shareholders, Central and State Governments and other statutory authorities and others associated with the Company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by employees at all levels, which enabled the Company to achieve sustained growth in the operational performance during the year under review.

By Order of the Board of Directors
For **TAJGVK Hotels & Resorts Limited**

Dr GVK Reddy
Chairman
DIN00005212

Place: Hyderabad
Date: 13th May, 2016

Registered Office:

Taj Krishna, Road No.1, Banjara Hills, Hyderabad 500 034.
CIN: L40109AP1995PLC019349
Email: tajgvkshares.hyd@tajhotels.com
Website: www.tajgvk.in
Ph No. : 040- 66662323

Secretarial Audit Report

(as per form No MR – 3)

For the Financial year ended 31.03.2016

(pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remunerations of Managerial Personnel Rules, 2014)

To
The Members,
M/s TAJ GVK Hotels & Resorts Limited,
(CIN: L40109AP1995PLC019349)
Taj Krishna, Road No.1,
Banjara Hills, Hyderabad – 500034.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. TAJ GVK Hotels & Resorts Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

The maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Based on our verification of the M/s. TAJ GVK Hotels & Resorts Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s TAJ GVK Hotels & Resorts Limited for the financial year ended 31st March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
6. Labour and Industrial Laws, as applicable to the Company, as mentioned in the Annexure.

7. Other laws such as Environmental laws, as mentioned in the annexure, specifically applicable to the Company. We have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
 - ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange & The National Stock Exchange Limited.

We further report that

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period the Company has not entered into / carried out any activity that has major bearing on the Company's affairs.

LIST OF LABOUR & INDUSTRIAL LAWS

1. The Andhra Pradesh Shops and Establishment Act, 1988
2. Apprentices Act, 1961
3. Employees State Insurance Act, 1948
4. Employees Provident Fund and Misc. Provisions Act, 1952
5. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
6. Industrial Disputes Act, 1947
7. Payment of Bonus Act, 1965
8. Payment of Gratuity Act, 1972
9. Workmen's Compensation Act, 1923
10. Shops and Establishment Act, 1954
11. Minimum Wages Act, 1948
12. Payment of Wages Act, 1936
13. The Contract Labour (Regulation and Abolition) Act, 1970
14. Maternity Benefit Act, 1961
15. The Trade Unions Act, 1926
16. Equal Remuneration Act, 1976
17. Interstate Migrant Workmen Act, 1979
18. Bonded Labour System (Abolition) Act, 1976
19. Employers' Liability Act, 1938
20. Hotel Receipts Tax Act, 1980
21. Indian Boilers Act, 1923
22. Industrial Employment (Standing Orders) Act, 1946
23. Personal Injuries (Compensation Insurance) Act, 1963

LIST OF ENVIRONMENTAL LAWS

1. Air (Prevention and Control of Pollution) Act, 1981
2. Environment (Protection) Act, 1986
3. Water (Prevention and Control of Pollution), 1974

For Narender & Associates
Company Secretaries

G. Narender
Proprietor

FCS-4898, CoP5024

Place: Hyderabad
Date: 13th May 2016

**Form No.MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I). REGISTRATION AND OTHER DETAILS:

- | | |
|--|--|
| i). CIN | L40109AP1995PLC019349 |
| ii). Registration Date | 2 nd February, 1995 |
| iii). Name of the Company | TAJGVK Hotels & Resorts Limited |
| iv). Category/Sub-Category of the Company | Company Limited by Shares / Public Company |
| v). Address of the Registered Office and contact details | Taj Krishna, Road No.1, Banjara Hills Hyderabad – 500 034, Telangana; Ph No.040-66662323, Fax No.040-66625364 Email: tajgvkshares.hyd@tajhotels.com Website: www.tajgvk.in |
| vi) whether listed Company | YES BSE Limited National Stock Exchange of India Limited |
| vii). Name, Address and contact details Registrar and Transfer Agent, if any | Venture Capital and Corporate Investments Pvt Ltd., #12-10-167, Bharat Nagar, Hyderabad – 500 018 Telangana Ph No.040-2381 8475 Email id: info@iccp.com |

II). PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and description of main Products / services | NIC code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Rooms | 55101 | 47.82% |
| 2 | Restaurants & Bars | 56301 | 41.72% |
| 3 | Banquets & other income | 56210 | 10.46% |

III). PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No | Name and Address of the Company & PIN | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section of Companies Act, 2013 |
|-------|---|-----------------------|----------------------------------|------------------|---|
| 1) | M/s. Greenwoods Palaces and Resorts Pvt. Ltd., 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003. | U91990TG2001PTC036666 | Associate | 48.99% | 2 (6) |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

| SL No. | Category of Shareholders | No. of shares held at the beginning of the year | | | No. of shares held at the end of the year | | | % Change during the year | |
|--------|-----------------------------------|---|-------------|-----------------|---|-----------------|-------------|--------------------------|--------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | | Total |
| A. | Promoters | | | | | | | | |
| (1) | Indian | | | | | | | | |
| (a) | Individual / HUF | 8779160 | - | 8779160 | 14.00 | 8779160 | - | 8779160 | 14.00 |
| (b) | Central Government | - | - | - | - | - | - | - | - |
| (c) | State Government(s) | - | - | - | - | - | - | - | - |
| (d) | Bodies Corporate | 38238646 | - | 38238646 | 60.99 | 38238646 | - | 38238646 | 60.99 |
| (e) | Bank/FI | - | - | - | - | - | - | - | - |
| (f) | Any other | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(1) | 47017806 | - | 47017806 | 74.99 | 47017806 | - | 47017806 | 74.99 |
| (2) | Foreign | | | | | | | | |
| (a) | NRIs-Individuals | - | - | - | - | - | - | - | - |
| (b) | Other-Individuals | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | - | - | - | - | - | - | - | - |
| (d) | Banks/FI | - | - | - | - | - | - | - | - |
| (e) | Any other | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | - | - | - | - | - | - | - | - |
| | Total Shareholding of | | | | | | | | |
| | Promoter (A)=(A)(1)+(A)(2) | 47017806 | - | 47017806 | 74.99 | 47017806 | - | 47017806 | 74.99 |
| B. | Public Shareholding | | | | | | | | |
| 1. | Institutions | | | | | | | | |
| (a) | Mutual Funds | 10000 | 245 | 10245 | 0.01 | - | 1345 | 1345 | - |
| (b) | Banks/FI | 4122349 | 1055 | 413404 | 0.66 | 419259 | 1055 | 420314 | 0.67 |
| (c) | Central Government | - | - | - | - | - | - | - | - |
| (d) | State Government(s) | - | - | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - | - | - |
| (f) | Insurance Companies | - | - | - | - | - | - | - | - |
| (g) | FIs | 2129990 | - | 2129990 | 3.40 | 2129990 | - | 2129990 | 3.40 |
| (h) | Foreign Venture Capital Funds | - | - | - | - | - | - | - | - |
| (i) | Other (specify) | - | - | - | - | - | - | - | - |
| | Sub-Total (B)(1) | 2552339 | 1300 | 2553639 | 4.07 | 2549249 | 2400 | 2551649 | 4.07 |

Category-wise Shareholding (Contd.)

| Sl No. | Category of Shareholders | No. of shares held at the beginning of the year | | | No. of shares held at the end of the year | | | % Change during the year | |
|--------|--|---|----------------|-----------------|---|-----------------|----------------|--------------------------|--------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | | Total |
| 2. | Non-Institutions | | | | | | | | |
| (a) | Bodies Corp. | 3595616 | 54770 | 3650386 | 5.82 | 2824177 | 116645 | 2940822 | 4.69 |
| (i) | Indian | 5501221 | 2374863 | 7876084 | 12.56 | 5580290 | 2281398 | 7861688 | 12.54 |
| (ii) | Overseas(OCB) | - | - | - | - | - | - | - | - |
| (b) | Individuals | | | | | | | | |
| i) | Individual Shareholders | | | | | | | | |
| | holding nominal share | | | | | | | | |
| | capital in excess of Rs.1 lakhs | 1172602 | - | 1172602 | 1.87 | 1669539 | - | 1669539 | 2.66 |
| c) | Others (Specify) | | | | | | | | |
| i | HUF | - | - | - | - | - | - | - | - |
| ii | Non Resident Individuals | 401013 | - | 401013 | 0.64 | 556182 | 80 | 556262 | 0.89 |
| iii | Trusts | 1010 | - | 1010 | - | 1175 | - | 1175 | 0.01 |
| iv | Clearing Members | 28955 | - | 28955 | 0.05 | 102554 | - | 102554 | 0.16 |
| | Sub-Total(b) (2) | 10700417 | 2429633 | 13130050 | 20.94 | 10733917 | 2398123 | 13132040 | 20.94 |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 13252756 | 2430933 | 15683689 | 25.01 | 13283166 | 2400523 | 15683689 | 25.01 |
| C. | Share held by Custodian for GDR & ADRs | - | - | - | - | - | - | - | - |
| | Grand Total (A+B+C) | 60270562 | 2430933 | 62701495 | 100 | 60300972 | 2400523 | 62701495 | 100 |

ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Shareholding during the year |
|--------|-----------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total shares of the Company | % Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % Shares Pledged / encumbered to total shares | |
| 1. | Vertex Projects Limited | 22238646 | 35.47 | - | - | - | - | - |
| 2. | The Indian Hotels Company Limited | 16000000 | 25.52 | - | 16000000 | 25.52 | - | - |
| 3. | Mrs. G Indira Krishna Reddy | 5065000 | 8.08 | - | 3762966 | 6.00 | - | 2.08 |
| 4. | Mr. G V Sanjay Reddy | 1250000 | 1.99 | - | - | - | - | - |
| 5. | Mr. Krishnaram Bhupal | 850000 | 1.35 | - | 11723679 | 18.70 | - | 17.34 |
| 6. | Mrs. Shalini Bhupal | 425000 | 0.68 | - | 11725180 | 18.70 | - | 18.02 |
| 7. | Ms. Shriya Bhupal | 425000 | 0.68 | - | - | - | - | - |
| 8. | Dr. GVK Reddy | 314160 | 0.50 | - | 3805981 | 6.07 | - | 5.57 |
| 9. | Mrs. G Aparna Reddy | 250000 | 0.40 | - | - | - | - | - |
| 10. | Mr. G V Keshav Reddy | 100000 | 0.16 | - | - | - | - | - |
| 11. | Ms. G Mallika Reddy | 100000 | 0.16 | - | - | - | - | - |
| | Total | 47017806 | 74.99 | - | 47017806 | 74.99 | - | - |

iii) Change in Promoter's Shareholding (please specify if there is no change)

| Shareholders Name | Shareholding at the beginning of the year | | Date wise increase / (decrease) in promoter Shareholding during the year | | Cumulative Shareholding at the end of the year | |
|-----------------------------------|---|----------------------------------|--|---------------|--|----------------------------------|
| | No. of Shares | % of total Shares of the Company | Date | No. of Shares | No. of Shares | % of total Shares of the Company |
| Vertex Projects Limited | 22238646 | 35.47 | 07.09.2015 | (22238646) | - | - |
| The Indian Hotels Company Limited | 16000000 | 25.52 | - | - | 16000000 | 25.52 |
| Mrs. G Indira Krishna Reddy | 5065000 | 8.08 | 21.09.2015 | (1302034) | 3762966 | 6.00 |
| Mr. G V Sanjay Reddy | 1250000 | 1.99 | 21.09.2015 | (1250000) | - | - |
| Mr. Krishnam Bhupal | 850000 | 1.35 | 01.10.2015 | 10873679 | 11723679 | 18.70 |
| Mrs. Shalini Bhupal | 425000 | 0.68 | 28.09.2015 | 11300180 | 11725180 | 18.70 |
| Ms. Shriya Bhupal | 425000 | 0.68 | 28.09.2015 | (425000) | - | - |
| Dr. GVK Reddy | 314160 | 0.50 | 28.09.2015 | 3491821 | 3805981 | 6.07 |
| Mrs. G Aparna Reddy | 250000 | 0.40 | 21.09.2015 | (250000) | - | - |
| Mr. G V Keshav Reddy | 100000 | 0.16 | 21.09.2015 | (100000) | - | - |
| Ms. G Mallika Reddy | 100000 | 0.16 | 21.09.2015 | (100000) | - | - |
| TOTAL | 47017806 | 74.99 | - | | 47017806 | 74.99 |

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| SI No | Shareholders Name | Shareholding at the beginning of the year | | Increase / (decrease) in shareholding during the year | Cumulative shareholding at the end of the year | |
|-------|--|---|----------------------------------|---|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | No. of Shares | % of total shares of the Company |
| 1 | Altavista Capital India Fund Ltd., | 2128350 | 3.40 | — | 2128350 | 3.40 |
| 2. | General Insurance Corporation of India | 286550 | 0.46 | — | 286550 | 0.46 |
| 3. | G V Reddy | 248000 | 0.39 | — | 248000 | 0.39 |
| 4. | Bright Star Investments Pvt. Ltd., | 174506 | 0.28 | — | 174506 | 0.28 |
| 5. | Damani Estate and Finance Pvt. Ltd., | 1338570 | 2.13 | 133300 | 1471870 | 2.35 |
| 6. | Kamal Shyamsunder Kabra | 777000 | 1.24 | 425200 | 1202200 | 1.92 |
| 7. | Pawan Agarwal | 100300 | 0.16 | 16589 | 116889 | 0.19 |
| 8. | Usha Kamal Kabra | - | - | 150200 | 150200 | 0.24 |
| 9. | Pooja Kamal Kabra | - | - | 100200 | 100200 | 0.16 |
| 10. | Bajaj Allianz Life Insurance Co. Ltd., | 723000 | 1.15 | (393454) | 329546 | 0.53 |

TAJGVK HOTELS & RESORTS LIMITED

v) Shareholding of Directors and Key Managerial Personnel (KMP)

| SI No | Shareholders Name | Shareholding at the beginning of the year | | Increase / (decrease) in shareholding during the year | Cumulative shareholding at the end of the year | |
|------------------|-----------------------------|---|----------------------------------|---|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | No. of Shares | % of total shares of the Company |
| DIRECTORS | | | | | | |
| 1 | Dr GVK Reddy | 314160 | 0.50 | 3491821 | 3805981 | 6.07 |
| 2 | Mrs. G Indira Krishna Reddy | 5065000 | 8.08 | (1302034) | 3762966 | 6.00 |
| 3 | Mrs. Shalini Bhupal | 425000 | 0.68 | 11300180 | 11725180 | 18.70 |
| 4 | Mr G V Sanjay Reddy | 1250000 | 1.99 | (1250000) | - | - |
| 5 | Mr. Krishnaram Bhupal | 850000 | 1.35 | 10873679 | 11723679 | 18.70 |
| 6 | Mr. Rakesh Sarna | - | - | - | - | - |
| 7 | Mr. Anil P Goel | - | - | - | - | - |
| 8 | Mr. Rajendra Misra | - | - | - | - | - |
| 9 | Mr. D R Kaarthikeyan | - | - | - | - | - |
| 10 | Mr. C D Arha | - | - | - | - | - |
| 11 | Mr. K Jayabharath Reddy | - | - | - | - | - |
| 12 | Mr. M B N Rao | - | - | - | - | - |
| 13 | Mr. CH G Krishna Murthy | - | - | - | - | - |
| 14 | Mr. S Anwar | - | - | - | - | - |
| 15 | Mr. A Rajasekhar | - | - | - | - | - |
| 16 | Mrs. Santha John | - | - | - | - | - |
| 17 | Mr. Chinmai Sharma | - | - | - | - | - |
| KMPs | | | | | | |
| 1 | Mr. J. Srinivasa Murthy | - | - | - | - | - |

V). INDEBTEDNESS

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

(Rs.in Crores)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial Year | | | | |
| i) Principal Amount | 269.35 | — | — | 269.35 |
| ii) Interest due but not paid | — | — | — | — |
| iii) Interest accrued but not due | — | — | — | — |
| TOTAL (i+ii+iii) | 269.35 | — | — | 269.35 |
| Change in Indebtedness during the financial year | | | | |
| Addition | — | — | — | — |
| Reduction | — | — | — | — |
| Net Change | — | — | — | — |
| Indebtedness at the end of the financial Year | | | | |
| i) Principal Amount | 269.35 | — | — | 269.35 |
| ii) Interest due but not paid | — | — | — | — |
| iii) Interest accrued but not due | — | — | — | — |
| TOTAL (i+ii+iii) | 269.35 | — | — | 269.35 |

VI). REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director and Executive Director :

| Sl. No. | Particulars of Remuneration | Name of MD | Name of ED | Total Amount (Rs.) |
|---------|---|-----------------------------|---------------------|--------------------|
| | | Mrs. G Indira Krishna Reddy | Mrs. Shalini Bhupal | |
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961 | 26,992,201 | 15,819,686 | 42,811,887 |
| | b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 491,837 | 827,557 | 1,319,394 |
| | c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | | | |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission as % of profit other, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total (A) | 27,484,038 | 16,647,243 | 44,131,281 |
| | Ceiling as per the Act | 8,535,413 | 8,535,413 | 17,070,826 |

Contd..

VI). B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Mr. D R Kaarthikeyan | Mr. C D Arha | Mr. K Jayabharath Reddy | Mr. M B N Rao | Mr. Ch G Krishna Murthy | Mr. S Anwar | Mr. A Rajasekhar | Mrs. Santha John | Total Amount (Rs.) |
|---------|--|-----------------------|----------------------|-------------------------|-----------------|-------------------------|---------------|------------------|------------------|--------------------|
| 1 | Independent Directors Fee for attending Board / Committee meetings | 80000 | 100000 | 100000 | 60000 | 100000 | 100000 | 100000 | 100000 | 740000 |
| | Commission | - | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - | - |
| | Total (1) | 80000 | 100000 | 100000 | 60000 | 100000 | 100000 | 100000 | 100000 | 740000 |
| 2 | Other Non-Executive Directors | Dr. G V Krishna Reddy | Mr. G V Sanjay Reddy | Mr. Krishnarani Bhupal | Mr. Anil P Goel | Mr. Chinmai Sharma | | | | |
| | Fee for attending Board / Committee meetings | 100000 | 40000 | 100000 | 40000 | 20000 | Nil | | | |
| | Commission | - | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - | - |
| | Total (2) | 100000 | 40000 | 100000 | 40000 | 20000 | Nil | | | 3,00,000 |
| | Total (B) = (1+2) | | | | | | | | | 10,40,000 |
| | Total Managerial Remuneration | | | | | | | | | 4,51,71,281 |
| | Overall Ceiling as per the Act | | | | | | | | | 1,87,77,908 |

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

| Sl. No. | Particulars of Remuneration | CFO & Company Secretary Mr. J Srinivasa Murthy (In Rs) |
|---------|---|--|
| 1 | Gross Salary | 38,59,000 |
| | a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961 | |
| | b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | |
| | c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | |
| 2 | Stock Option | - |
| 3 | Sweat Equity | - |
| 4 | Commission as % of profit other, specify | - |
| 5 | Others, please specify | - |
| | Total | 38,59,000 |

By Order and on behalf of the Board

Place: Hyderabad
Date: 13th May, 2016

Dr. GVK Reddy
Chairman
DIN 00005212

VII). PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

A. COMPANY

| Type | Section of the Companies Act | Brief description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD/ NCLT /COURT) | Appeal made, if any (Give Details) |
|-------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

B. DIRECTORS

| Type | Section of the Companies Act | Brief description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD/ NCLT /COURT) | Appeal made, if any (Give Details) |
|-------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

C. OTHER OFFICERS IN DEFAULT

| Type | Section of the Companies Act | Brief description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD/ NCLT /COURT) | Appeal made, if any (Give Details) |
|-------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

By Order and on behalf of the Board

Place: Hyderabad
Date: 13th May, 2016

Dr. GVK Reddy
Chairman
DIN 00005212

Annexure to Director's Report

Disclosure of Particulars of Loans, Guarantees and Investments under section 186 of the Companies Act, 2013

Amount outstanding as at 31st March, 2016

| Particulars | Amount (Rs. in lacs) |
|------------------|-------------------------|
| Loans given | Nil |
| Guarantees given | Nil |
| Investments made | 11026.80 |

Loans, Guarantees and Investments made during the financial year 2015-16

| Name of entity | Relation | Amount | Particulars of Loans, Guarantee and Investments | Purpose for which the loan, guarantee and investments are proposed to be utilized |
|----------------|----------|--------|---|---|
| NIL | | | | |

By Order and on behalf of the Board

Place: Hyderabad
Date: 13th May, 2016

Dr. GVK Reddy
Chairman
DIN 00005212

Disclosure of Particulars of Contracts / Arrangements entered into by the Company

Form No. AOC-2

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

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (1. Contracts / arrangements entered into by the Company with related parties referred to in sub-section(1) of section 188 of the Companies Act, 2013 which are at arms length basis):

| Sl No. | Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements / transactions | Sailent terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount paid as advances, if any | Justification for entering into contracts |
|--------|---|---|---|---|---|---------------------------------|---|
| NIL | | | | | | | |

By Order and on behalf of the Board

Place: Hyderabad
Date: 13th May, 2016

Dr. GVK Reddy
Chairman
DIN 00005212

Annexure to Director's Report

I Information to be furnished as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as under:

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sl. No. | Name of Director/KMP and Designation | Remuneration of Director/KMP for financial year 2015-16 (Rs. in Lakhs) | % increase in Remuneration in the Financial Year 2015-16 | Ratio of remuneration of each Director/ to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|---------|---|--|--|---|---|
| 1. | Mrs. G. Indira Krishna Reddy Managing Director | 274.84 | 26.96% | 86.42 | The profit before tax increased to Rs. 1739.87 lakhs as compared to loss before tax of Rs. 183.41 lakhs and the company reported PAT of Rs. 842.10 lakhs as compared to loss after tax of Rs. 197.28 lakhs, where as the remuneration of KMP increased by 17% as compared to PBT increase of 848% |
| 2. | Mrs. Shalini Bhupal Executive Director | 166.47 | 5.47% | 52.35 | |
| 3. | Mr. J. Srinivasa Murthy# CFO & Company Secretary | 38.59 | 11.69% | 12.13 | |

The company during the financial year 2015-16 paid performance bonus of Rs 6 lakhs and Rs 6.60 lakhs pertaining to financial year 2013-14 & financial year 2014-15.

- ii) The median remuneration of employees of the Company during the financial year 2015-16 was Rs. 3.18 lakh
- iii) In the financial year, there was an increase of 10.41% in the median remuneration of employees;
- iv) There were 1834 employees which includes the permanent staff, FTC's, Contracted/ outsourced staff/ Deputed Staff as on March 31, 2016;
- v) Relationship between average increase in remuneration and company performance:- The company reported a profit before Tax of Rs. 15.56 Crore, for the financial year ended March 31, 2016 compared to previous year Loss before tax of Rs. 1.83 Crore, whereas the increase in median remuneration was 10.41% The average increase in median remuneration was in line with the performance of the Company and market conditions.
- vi) Comparison of Remuneration of the Whole Time Directors and Key Managerial Personnel(s) against the performance of the Company:
- a) The total remuneration of Key Managerial Personnel increased by Rs.71.06 lakhs (17.38%) from Rs. 408.84 lakhs in 2014-15 to Rs.479.90 lakhs in 2015-16 whereas the Profitability increased by Rs. 17.39 crs in 2015-16.
- vii) Variations in the market capitalization of the Company : The market capitalization as on March 31, 2016 was Rs.445.17 Crore (Rs.420.09 crore as on March 31, 2015)
- viii) Price Earnings ratio of the Company was 54 as at March 31, 2016 and was NA as at March 31, 2015 (as the company reported Loss after tax).
- ix) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year: The Company is transferee company which got listed on stock exchanges post merger of the hotel division of Novopan Industries Limited (Taj Krishna Hotel) and M/s Hotel Sree Krishna Limited (Taj Deccan assets) vide Hon'ble High Court dated 26/04/2000.
- x) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 10.41% whereas the increase in the managerial remuneration for the financial year was 17%.
- xi) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee(NRC) as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- xii) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – **Not Applicable**; and
- xiii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

II Remuneration to Non-Executive Directors:

- i) The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.
- ii) Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

III Remuneration to other employees:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

IV Remuneration Policy for Directors, Key Managerial Personnel and other employees:

1. Introduction

TAJGVK Hotels & Resorts Limited (TAJGVK) recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

2. Scope and Exclusion:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

“Director” means a director appointed to the Board of the Company.

“Key Managerial Personnel” means (I) the Chief Executive Officer or the managing director or the manager; (ii) the company secretary; (iii) the whole-time

director; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed under the Companies Act, 2013

“Nomination and Remuneration Committee” means the committee constituted by Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

4. Policy

Remuneration to Executive Directors and Key Managerial Personnel:

The Board, on the recommendation of the, Nomination and Remuneration (NRC) Committee, shall review and approve the remuneration payable to the Whole-time Directors of the Company within the overall limits approved by the shareholders.

The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Whole Time Directors)
- (iv) Retiral benefits
- (v) Annual Performance Bonus

5. Policy for Selection of Directors and determining Directors’ Independence

1. Introduction

TAJGVK Hotels & Resorts Limited (TAJGVK) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, TAJGVK ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

TAJGVK recognizes the importance of Independent Directors in achieving the effectiveness of the Board. TAJGVK aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. Scope and Exclusion:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

“**Director**” means a director appointed to the Board of a company.

“**Nomination and Remuneration Committee**”(NRC) means the committee constituted by Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

“**Independent Director**” means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

4. Policy

Qualifications and criteria

The Nomination and Remuneration Committee (NRC), and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company’s operations. In evaluating the suitability of individual Board members, the NRC Committee may take into account factors, such as:

- General understanding of the Company
- Business dynamics, global business
- social perspective
- Educational and professional background
- Standing in the profession
- Personal and professional ethics, integrity and values
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his / her written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he/she is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his / her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his / her shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;

- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws. The NRC shall evaluate each individual with the objective of having a group that best enables the success of the Company’s business.

5. Criteria of Independence

The NRC shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, as laid down in Companies Act, 2013 and Clause 49 of the Equity Listing Agreement, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director.

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b.
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.

performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.

A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he/she is serving as a Whole-time Director in any Listed Company.

A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he/she holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

By Order and on behalf of the Board

Other directorships / committee memberships

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board

Place: Hyderabad
Date: 13th May, 2016

Dr. GVK Reddy
Chairman
DIN 00005212

Annexure to Director's Report

Brief outline of the Company's CSR Policy, Including overview of projects/programmes undertaken

Your Company is committed to operate and grow its business in a socially responsible way and has a simple but clear purpose - to make sustainable living common place. Your Company believes this is the best long- term way for our business to grow. Your Company has embraced the CSR policy (Link- <http://www.tajgvk.in>) which contributes to activities listed in the Schedule VII of Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of the Directors, is available on the Company's website at www.tajgvk.in under corporate policies.

CSR Committee Responsibility Statement

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

on behalf of the CSR Committee

Place: Hyderabad
Date: 13th May, 2016

Ch. G. Krishna Murthy
Chairman, CSR Committee
DIN 01667614

G. Indira Krishna Reddy
Managing Director
DIN 00005230

Management Discussion and Analysis

Economic Outlook, Prospects, and Policy Challenges

(source: website of Ministry of Finance, GOI)

Introduction

A year ago, the Economic Survey spoke about the “sweet spot” for the Indian economy, arising from a combination of a strong political mandate and a favourable external environment. At the same time, it cautioned against unrealistic expectations of “Big Bang” reforms because of the dispersed nature of power in India and the absence of that impelling driver—crisis. It argued therefore in favour of a “persistent, creative and encompassing incrementalism” as the guide for prospective action and the benchmark for retrospective assessment.

Economic Survey 2015-16

This year’s Economic Survey comes at a time of unusual volatility in the international economic environment. Markets have begun to swing on fears that the global recovery may be faltering, while risks of extreme events are rising. Amidst this gloomy landscape, India stands out as a haven of stability and an outpost of opportunity. Its macro-economy is stable, founded on the Government’s commitment to fiscal consolidation and low inflation. Its economic growth is amongst the highest in the world, helped by a reorientation of government spending toward needed public infrastructure. These achievements are remarkable not least because they have been accomplished in the face of global headwinds and a second successive season of poor rainfall.

The task now is to sustain them in an even more difficult global environment. This will require careful economic management. As regards monetary and liquidity policy, the benign outlook for inflation, widening output gaps, the uncertainty about the growth outlook and the over-indebtedness of the corporate sector all imply that there is room for easing. Fiscal consolidation continues to be vital, and will need to maintain credibility and reduce debt, in an uncertain global environment, while sustaining growth. On the government’s “reform- to-transform” agenda, a series of measures, each incremental but collectively meaningful have been enacted. There have also been some disappointments especially the Goods and Services Tax, which need to be retrieved going forward. Accelerated structural reforms at the Centre, the dynamism of competitive federalism, and good economics being good politics could all combine to maintain the fundamental promise that is India. For now, but not indefinitely, the sweet spot created by a strong political mandate but, recalibrated to take account of a weaker external environment, is still beckoning there.

This year’s Survey comes against the background of an unusually volatile external environment with significant risks of weaker global activity and non-trivial risks of extreme events. Fortifying the Indian economy against possible spill

overs is consequently one obvious necessity. Another necessity is a recalibration of expectations. If the world economy lurches into crisis or slides into further weakness, India’s growth will be seriously affected, for the correlation between global and Indian growth has been growing dramatically. Assessments of India’s performance over the coming year will therefore need to be conditional. This is not an advance apology for likely future performance but the sobering reality of India becoming “so entwined” with the world.

Looking backward, the obvious question is: how has the economy performed against the standards set in last year’s Survey? India’s economic performance can be measured against two distinct benchmarks: India versus other countries; and India versus its own medium-term potential. On the first, the Indian economy has fared well; on the second, steady progress is being made and there is still scope for translating potential into actuality.

At a time when the newest normal for the world economy is one of turbulence and volatility, India is a refuge of stability and an outpost of opportunity. Its macro-economy is robust, and it is likely to be the fastest growing major economy in the world in 2016. For an economy where exports have declined due to weak global demand and private investment remains weak, India’s economy is performing remarkably well. In part, this performance reflects the implementation of a number of meaningful reforms, each incremental, but collectively meaningful:

- Creating the palpable and pervasive sense that corruption at the centre has been meaningfully addressed, reflected in transparent auctions of public assets and non-interference in regulatory decisions
- Liberalizing foreign direct investment (FDI) across-the-board, including by passing the long-awaited insurance bill. FDI reforms reflect a decisive change in philosophy, from viewing FDI as a tolerable necessity to something to welcome;
- Vigorously pursuing efforts to ease the cost of doing business, which has allowed India to advance in cross-country competitiveness rankings and become the crucible for “million mutinies” reflected in the unprecedented dynamism of the start-up and e-commerce sectors, and in the interest of large employment-generating companies
- Restoring stability and predictability in tax decisions, reflected in the settlement of the Minimum Alternate Tax (MAT) imposed on foreign companies, and increasing substantially the limits beyond which the tax department will file appeals;
- Implementing a major public investment program to strengthen the country’s infrastructure and make up for the deficiency of private investment;

- Instituting a major crop insurance program to cushion farmers against adversity;
- Limiting farm interventions which had a first-order effect in moderating overall inflation;
- Elevating to mission mode the financial inclusion agenda via the Jan Dhan Yojana by creating bank accounts for over 200 million people within months. Financial inclusion will also be furthered by the licensing of 11 payments banks and 10 small banks;
- Advancing the game-changing JAM (Jan Dhan Aadhaar Mobile) agenda.
- LPG witnessed the world's largest direct benefit transfer program, with about 151 million beneficiaries receiving a total of Rs. 29,000 crore in their bank accounts.

The infrastructure is being created for extending the JAM agenda to other government programs and subsidies;

- Attempting to change social norms in a number of areas: open defecation, and voluntarism in giving up subsidies.
- Undertaking comprehensive reforms of the power sector (especially the UDAY Scheme); and
- Avoiding policy reversals.

Yet, there was the perception that quantity cannot exculpate quality, that launching and better implementing schemes were privileged over policy changes, and that policies to unlock India's full supply potential could have been more vigorously advanced.

Approval for the game-changing GST bills has proved elusive so far; the disinvestment program fell short of targets, including that of achieving strategic sales; and the next stage of subsidy rationalization is a work-in-progress. Critically, corporate and bank balance sheets remain stressed, affecting the prospects for reviving private investment, a key engine of long term growth.

Perhaps the underlying anxiety is that the Indian economy is not realizing its full potential. It is incontrovertible that India is still oozing potential. The country's long run potential growth rate is still around 8-10 percent. Realizing this potential requires a push on at least three fronts.

First, India has moved away from being reflexively anti-markets and uncritically pro-state to being pro-entrepreneurship and sceptical about the state. But being pro- industry must evolve into being genuinely pro-competition, and the legacy of the pervasive exemptions Raj and corporate subsidies highlights why favouring business (and not markets) can actually impede competition. Similarly, skepticism about the state must translate into making it leaner, without delegitimizing its essential roles and indeed by strengthening it in important areas.

Key to creating a more competitive environment will be to address the exit (the Chakravayuha) problem which be devils the Indian economy and endures as an impediment to

investment, efficiency, job creation and growth. The Indian economy had moved from socialism with restricted entry to "marketism" without exit. The government is undertaking a number of initiatives such as introducing a new bankruptcy law, rehabilitating stalled projects, and considering guidelines for public private partnerships that can help facilitate exit, thereby improving the efficiency of the economy.

Second, major investments in people—their health and education—will be necessary to exploit India's demographic dividend. Tomorrow's worker is today's child or foetus—born to and raised by today's mothers. It would consequently seem important to focus on "mother and child," involving maternal health and early life interventions. More broadly, the delivery of essential services is a gargantuan challenge. With increased devolution of resources, states will need to expand their capacity and improve the efficiency of service delivery. That will require them to shift their focus from outlays to outcomes, and to learn by monitoring, innovating, and even erring.

Improving service delivery in the wake of the Fourteenth Finance Commission requires an evolution in the relative roles of the Centre and the states: the Centre should focus on improving policies, strengthening regulatory institutions, and facilitating cooperative and competitive federalism while the states mobilize around implementing programs and schemes to ensure better service delivery.

Third, while dynamic sectors such as services and manufacturing tend to grab public attention, India cannot afford to neglect its agriculture). After all, nearly 42 per cent of Indian households derive the bulk of their income from farming. Smaller farmers and landless labourers especially are highly vulnerable to productivity, weather, and market shocks changes that affect their incomes. The newly introduced crop insurance schemes should begin to address these problems to a great extent.

Despite the many challenges, there remains considerable room for optimism. Optimism is engendered by the dynamic of competitive federalism. States that perform well are increasingly becoming "models and magnets." Successful experiments in one state are models for others states to emulate by showing what can be done and stripping away excuses for inaction and under-performance. They are also magnets because they attract resources, talent and technology away from the lagging states, forcing change via the channel of "exit."

The year 2015-16 is witnessing a tumultuous global economic environment with major economies showing signs of slowdown in growth. Against this background, the fact that the Indian economy has emerged as the fastest growing economy with a high growth rate of over 7 per cent. The advance estimates of national income 2015-16 shows that the growth of industrial sector is estimated to be 7.3 per cent with manufacturing sector growing at 9.5 per cent. Further,

the industrial sector registered a growth of 8.9 per cent in the third quarter (Q3) of 2015-16 as compared to 3.8 per cent during the corresponding period of 2014- 15.

Some of the recent reforms are:

- reducing the list of industries that can be considered defence industries requiring industrial licence;
- amendments in FDI policy which include allowing FDI in defence up to 49 per cent, in railway infrastructure up to 100 per cent and in the insurance and pension sector up to 49 per cent.
- The investment limit requiring prior permission from the Foreign Investment Promotion Board (FIPB)/Cabinet Committee on Economic Affairs has been increased from R1200 crore to R3000 crore
- The definition of investment by Non Resident Indians (NRI), Persons of Indian Origin (PIO) and Overseas Citizens of India (OCI) in the FDI policy has been revised.

The government has launched several programmes/initiatives such as ease of doing business, Make in India, Invest India, and e-biz Mission Mode Project under the National e-Governance Plan. Further, the Government of India is also building a pentagon of corridors across the country to boost manufacturing and to project India as a global manufacturing destination. The National Investment and Infrastructure Fund (NIIF) has been approved to extend equity support to infrastructure Non-Bank Financial Companies (NBFC). Issue of tax free infrastructure bonds has been allowed for rail, roads and irrigation programmes.

The Ministry of Environment, Forest and Climate Change has completed the process for online submission and clearance of applications for environment, coastal regulation zone and forest clearances. The system for coal block auctions has been streamlined so that these are now granted in a transparent framework. In order to improve the financial viability of the State Electricity Distribution Companies, a comprehensive financial restructuring of these bodies has been taken up through the Ujwal DISCOM Assurance Yojana (UDAY) programme. The scheme envisages reduction of interest burden and cost of power and AT&C (Aggregate Technical and Commercial) losses incurred by discoms that have entered into tripartite agreements with the Government of India and the respective state governments. The process of labour market reforms, as initiated in some states, has been taken up by the central government also. Enhanced public investment in infrastructure has been emphasized to 'crowd-in' private investments. With these initiatives, Indian industry has been given a boost leading to an improved business environment and larger FDI inflows and these have also improved India's global outlook. In the World Bank's Ease of Doing Business report 2016, India's position has improved to 130 in 2016 from 142 in 2015.

The reforms mainly in the mining and power sectors, as well as in the labour market, are extremely significant for higher, faster, inclusive and sustainable growth.

MAKE IN INDIA

With the objective of making India a global hub of manufacturing, design and innovation, the Make in India initiative, which is based on four pillars —new processes, new infrastructure, new sectors and new mindset—has been taken by the government. The initiative is set to boost entrepreneurship, not only in manufacturing but in relevant infrastructure and service sectors as well. An interactive portal <http://makeinindia.com> for dissemination of information and interaction with investors has been created with the objective of generating awareness about the investment opportunities and prospects of the country, to promote India as a preferred investment destination. In markets overseas and to increase Indian share of global FDI. In addition, information on 25 thrust sectors, along with details of the FDI Policy, National Manufacturing Policy, Intellectual Property Rights and the proposed National Industrial Corridors including the Delhi Mumbai Industrial Corridor (DMIC), are available on the portal.

The Department of Industrial Policy and Promotion (DIPP), in consultation with various central ministries, state governments, industry leaders, and other stakeholders, has formulated a strategy for increasing the contribution of the manufacturing sector to 25 per cent of the GDP by 2020.

The Government of India has set up Invest India as the national investment promotion and facilitation agency. With the objective of promoting investment in the country, a full-fledged Investment Facilitation Cell has been set-up under the Make in India initiative, primarily to support all investment queries as well as to handhold and liaise with various agencies on behalf of potential investors.

As envisaged by the National Manufacturing Policy 2011, Make in India seeks to create 100 million additional jobs in manufacturing by 2022. The government is taking a number of steps to enhance the skills of workers/ the unemployed in India in order to improve their employability. In order to tap the creative potential and boost entrepreneurship in India, the Start-up India, Stand-up India campaign has been announced. An innovation promotion platform called Atal Innovation Mission (AIM) and a techno-financial, incubation and facilitation programme called Self-Employment and Talent Utilization (SETU) are being implemented to encourage innovation and start-ups in India.

For supporting the financial needs of the small and medium enterprise sector and promote start-ups and entrepreneurship, the government has taken various steps through Make in India. The India Aspiration Fund has also been set up under the Small Industries Development Bank of India (SIDBI) for

venture capital financing of newly set-up or expanding units in the MSME sector.

SIDBI Make in India Loan for Small Enterprises (SMILE) has been launched to offer quasi-equity and term-based short-term loans to Indian SMEs with less stringent rules and regulations and a special focus on 25 thrust sectors of Make in India. Further, a Micro Units Development Refinance Agency (MUDRA) Bank has been set up to provide development and refinance to commercial banks/NBFCs/cooperative banks for loans given to micro-units. MUDRA Bank would follow a credit-plus approach by also providing financial literacy and addressing skill gaps, information gaps, etc.

The Government of India has taken a series of measures to improve 'Ease of Doing Business' in the country. Existing rules have been simplified and information technology introduced to make governance more efficient and effective. Large improvements in World Economic Forum and World Bank rankings testify to the reforms implemented in this regard. This improvement manifests the effectiveness of the series of small steps taken by the government to foster an investment-friendly environment. India's rank has improved on the 'starting a business', 'dealing with construction permit' and 'getting electricity' indicators.

The Global Context

Since the Economic Survey and Budget presented a year ago, the Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Inflation, the fiscal deficit, and the current account deficit have all declined, rendering India a relative heaven of macro stability in these turbulent times. Economic growth appears to be recovering, albeit at varying speeds across sectors. At the same time economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

The risks merit serious attention not least because major financial crises seem to be occurring more frequently. The Latin American debt crisis of 1982, the Asian Financial crisis of the late 1990s, and the Eastern European crisis of 2008 suggested that crises might be occurring once a decade.

But then the rapid succession of crises, starting with Global Financial Crisis of 2008 and proceeding to the prolonged European crisis, the mini-crises of 2013, and the China provoked turbulence in 2015 all hinted that the intervals between events are becoming shorter.

This hypothesis could be validated in the immediate future, since identifiable vulnerabilities exist in at least three large

emerging economies—China, Brazil, Saudi Arabia—at a time when underlying growth and productivity developments in the advanced economies are soft. More flexible exchange rates, however, could moderate full-blown eruptions into less disruptive but more prolonged volatility.

One tail risk scenario that India must plan for is a major currency re-adjustment in Asia in the wake of a similar adjustment in China, as such an event would spread deflation around the world. Another tail risk scenario could unfold as a consequence of policy actions—say, capital controls taken to respond to curb outflows from large emerging market countries, which would further moderate the growth impulses emanating from them.

In either case, foreign demand is likely to be weak, forcing India—in the short run—to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check.

Accordingly, if the world economy remains weak, India's growth will face considerable headwinds. For example, if the world continues to grow at close to 3 percent over the next few years rather than returning to the buoyant 4-4½ per cent recorded during 2003-2011, India's medium-term growth trajectory could well remain closer to 7-7½ per cent, notwithstanding the government's reform initiatives, rather than rise to the 8-10 per cent that its long-run potential suggests. In other words, in the current global environment, there needs to be a recalibration of growth expectations and consequently of the standards of assessment.

Turning to the outlook for 2016-17, we need to examine each of the components of aggregate demand: exports, consumption, private investment and government. To measure the demand for India's exports, we calculate a proxy-weighted average GDP growth rate of India's export partners. The weights are the shares of partner countries in India's exports of goods and services. We find that this proxy for export demand growth declined from 3.0 percent in 2014 to 2.7 per cent in 2015, which helps explain the deceleration in India's non-oil exports, although the severity of the slowdown—in fact, a decline in export volume—went beyond adverse external developments. Current projections by the IMF indicate that trading partner growth this demand will improve marginally this year to about 2.8 percent. But the considerable downside risks suggest that it would be prudent not to count on a big contribution to GDP growth from improving export performance.

On the domestic side, two factors could boost consumption. If and to the extent that the Seventh Pay Commission (7th PC) is implemented, increased spending from higher wages and

allowances of government workers will start flowing through the economy. If, in addition, the monsoon returns to normal, agricultural incomes will improve with attendant gains for rural consumption, which over the past two years of weak rains has remained depressed.

Finally, the path for fiscal consolidation will determine the demand for domestic output from government. The magnitude of the drag on demand and output will be largely equal to the size of consolidation, assuming a multiplier of about 1.

There are three significant downside risks. Turmoil in the global economy could worsen the outlook for exports and tighter financial conditions significantly. Second, if contrary to expectations oil prices rise more than anticipated, this would increase the drag from consumption, both directly, and owing to reduced prospects for monetary easing. Finally, the most serious risk is a combination of the above two factors. This could arise if oil markets are dominated by supply-related factors such as agreements to restrict output by the major producers.

The one significant upside possibility is a good monsoon. This would increase rural consumption and, to the extent that it dampens price pressures, open up further space for monetary policy easing.

Inflation

For most of the current fiscal year, inflation has remained quiescent, hovering within the RBI's target range of 4-6 percent. But looming on the horizon is the increase in wages and benefits recommended for government workers by the Seventh Pay Commission (7th PC). If the government accepts this recommendation, would it destabilize prices and inflation expectations?

Most likely, it will not.

Monetary

The RBI has shifted to an accommodative policy stance. Without doubt, policy rates have been reduced substantially: in 2015, there were no less than four rate cuts cumulating to 125 basis points, including a 50 basis point cut at the October meeting. But there has been much less "accommodation" in bank lending rates, which have only fallen by around 50 basis points. Many commentators have emphasized that transmission is limited by high administered and small savings rates. The argument is that banks worry that if they cut their deposit rates, customers will flee to small savings instruments. Recognizing this, the government has reduced rates on some small savings schemes to make them more responsive to market conditions. But it is also clear from the chart that the small saving schemes don't always constrain passthrough. For example, the June 2015 rate cut was followed by a large reduction in deposit rates whereas the much larger October 2015 cut was barely passed on at all. And the small saving schemes cannot explain why the reductions that have taken

place in deposit rates have not led to commensurate reductions in lending rates.

Medium-Term Fiscal Framework

The 2016-17 fiscal stance needs to be assessed in two contexts. Most obviously, it needs to be evaluated against the likely short term outlook for growth and inflation. At the same time, it also needs to be framed in a medium-term context. That's because the most fundamental task of budget policy is to preserve fiscal sustainability. The government needs to be in a strong position tomorrow to repay the debts it is incurring today. And it needs to be seen to possess this strength.

As a result, overall government debt continued to grow as fast as GDP, keeping the debt ratio of the consolidated government (Centre plus states) near 67 per cent of GDP. This ratio is high compared to some countries in Emerging Asia, India's credit rating peers. Accordingly, the government is determined to break the post-GFC trend, and finally put the debt ratio on a downward path toward more comfortable levels.

For this reason, there are strong arguments to stick to a path of aggressive fiscal consolidation as envisaged at the time of the last budget. Such a low deficit would not only curtail the debt accumulation, but would also offer some wider advantages. To begin with, it would mean that the government would be delivering on a commitment, thereby reinforcing its credibility, which is one of the most precious assets that any authority can command. Conversely, it is far from clear why such a commitment would be abandoned when the economy is growing at more than 7 per cent. Such rapid growth would seem to provide ample revenues for the Budget, while enabling the economy to withstand the reduction in government demand. So, credibility and optimality seem to argue for adhering to the 3.5 percent of GDP target.

However, there are also arguments on the other side. With respect to feasibility, two factors complicate the fiscal task in 2016-17 and beyond:

- The Seventh Pay Commission has recommended that government wages and allowances be increased significantly. Full implementation of this pay award—which the government will decide on—would add about ½ percent of GDP to the Centre's wage bill.
- Public investment may need to be increased further to address a pressing backlog of infrastructure needs. Such an increase would merely return spending to its 2010-11 level of around 2 percent of GDP, well below the level in other emerging markets.

Taking these factors into account, the Centre's deficit could swell substantially. As a result, achieving the original could prove difficult unless there are tax increases or cuts in expenditures. There is some scope to increase receipts from disinvestment and spectrum auctions to realize which will require effort.

Second, even the desirability of a strategy of aggressive fiscal consolidation could be questioned. This is because the current environment is fraught with risks, which threaten all the engines of India's growth, as explained earlier. It would consequently seem important for the government to "purchase insurance" against these downside risks — rather than reduce fiscal demand significantly and take the chance of precipitating their realization. Data uncertainty reinforces the need for purchasing insurance.

Services Sector

The services sector has emerged as the most dynamic sector of the world economy, contributing almost one-third of world gross value added, half of world employment, one-fifth of global trade and more than half of the world foreign direct investment flows. It remains the key driver of India's economic growth, contributing almost 66.1 per cent of its gross value added growth in 2015-16, important net foreign exchange earner and the most attractive sector for foreign direct investment inflows. However, the global slowdown has cast a shadow even on this promising sector.

The services sector in India remained the most vibrant sector in terms of contribution to national and state incomes, trade flows, FDI inflows, and employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

Hospitality & Tourism Sector (including Medical Tourism)

Tourism is a major engine of economic growth, an important source of foreign exchange earnings and a generator of employment of diverse kinds in many countries including India. According to the World Travel and Tourism Council (WTTC), the total contribution of travel and tourism to world GDP would to rise by 3.7 per cent in 2015, and by 3.8 per cent per annum to US\$11.4 trillion (10.5 per cent of GDP) in 2025.

To promote medical tourism, the Government of India has launched India's Healthcare Portal and Advantage Health Care India. India's Healthcare Portal is a comprehensive one-point information source and covers hospital-related and travel-related information on India. Presently, it covers 143 accredited medical facilities which include 99 medical centers, 28 ayurveda and 16 wellness and rejuvenation centers (including 1 special category centre) spread across tier I and tier II cities. An international summit on medical value travel, Advantage Health Care India (AHCI) 2015, was held from 5 to 7 October 2015 at Pragati Maidan, New Delhi, to showcase India and its immense pool of medical capabilities as well as create opportunities for health-care collaboration between participating countries. The second edition of AHCI is scheduled to be held from 19 to 21 September 2016 at New Delhi.

Selected Policy Issues and Suggestions for Tourism sector:

Some important issues and practical suggestions for Tourism sector that can boost the services sector growth are listed here.

Tourism including Medical Tourism:

- Need for improvements in the e-tourist visa and ordinary visa which include extension of the eTV window to 180 days instead of the current 30 days before the tour; need for multiple entry eTV instead of the existing single-entry eTV; extension of duration of stay to 60 days under eTV instead of 30 days; making available biometric facility in major ports to help cruise passengers get eTV; need for proper display at eTV counters; increasing the counters for eTV tourists to avoid delays; extending eTV facility for medical tourists; and streamlining the biometric process in overseas missions by having more biometric locations.
- Tax issues like the place of provision clause in service tax resulting in tourism services not being treated as export of service and being taxed and need for lower goods and services tax (GST) for tourism-related services as in many OECD countries.
- Finance- and investment-related issues which include positioning India as a convention centre by creating a global fund; examining the possibility of giving special incentives like tax-free bonds and income tax exemptions on profits used in reinvestment in the tourism sector; development of tourism infrastructure on PPP basis and by channelizing corporate social responsibility (CSR) spends into India's heritage development; support for SMEs in the tourism sector with the help of venture capital funds and examining the extension of the MUDRA Yojana to SMEs in the tourism sector; setting up India haats in major cities/ towns with miniature cultural India by channelizing CSR spending or under PPP mode.
- Issues related to medical tourism include promoting medical tourism in the Brand India Campaign instead of the current fragmented approach, where individual hospitals have been promoting themselves as hospital destinations; rapid immigration clearances for medical tourists; enhanced basic infrastructure for medical tourists at airports; streamlining the medical visa process and extending eTV to medical tourists; promoting geriatric healthcare by leveraging our expertise in ayurveda, yoga and unani; getting international accreditation for Indian hospitals; addressing the exchange risk factor for medical tourists; and promoting telemedicine.
- Others like the need for a national cruise strategy; making railways more tourist friendly with cleanliness and hygiene, e-booking with special quotas for foreign visitors; introducing smart cards for e-payments across all tolls in India and national permit for tourist vehicles;

considering global parameters while deciding coastal regulation zone (CRZ) norms and organizing India tourism fairs in Indian embassies abroad.

Smart Cities

The Government of India has launched a mission on Smart Cities, with the collaboration of states and UTs for implementation of the flagship programme for urban development. The purpose of the Smart Cities Mission is to drive economic growth and improve the quality of life of people by enabling local area development and harnessing technology, especially technology that leads to smart outcomes.

The Smart Cities Mission targets promoting cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'smart' solutions. The focus is on sustainable and inclusive development and the idea is to look at compact areas and create a replicable model which will act like a lighthouse to other aspiring cities. The core infrastructure development in a smart city includes adequate water supply; assured electricity supply; sanitation, including solid waste management; efficient urban mobility and public transport; affordable housing, especially for the poor; robust IT connectivity and digitalization; good governance, especially e-Governance and citizen participation; sustainable environment; safety and security of citizens, particularly women, children and the elderly; and health and education.

Startup India: Wings to Fly above the Sky

Startup India is a flagship initiative of the Government of India to build a strong ecosystem for nurturing innovation, driving sustainable economic growth and generating large-scale employment opportunities. Apart from the technology sector the start-up movement will extend to a wide array of other sectors including agriculture, manufacturing, healthcare and education.; and from existing tier 1 cities will extend to tier 2 and tier 3 cities including semi-urban and rural areas.

3. Market Overview

Your company has modest scale of operations with significant geographic concentration in Hyderabad; nearing 70% of the room portfolio, while the rest 30% contributed by Chandigarh and Chennai. In tandem with the subdued performance in the Indian Hotel industry, you company too witnessed a considerable moderation in the performance and also impacted due the state bifurcation and now started settling down after first year of bifurcation.

While the income has grown by 8.79 % compared to last year, the fixed overheads and increase in the interest burden led to higher expenditure. But compared to previous year, the company could report profit and also declare dividend for the financial year under review.

Your company is happy to announce that the company's JV company started commercial operations of the Taj Santacruz hotel during Q4 of FY 15-16, and the hotel is

built on international standards and boasts of one of the best five star luxury hotel and it is well received by the guest.

While occupancies pan India are showing signs of improvement during 2015-16, this appears to be driven by a few pockets such as Mumbai, Delhi, Bangalore where occupancies grew supported by traffic for large conferences and events.

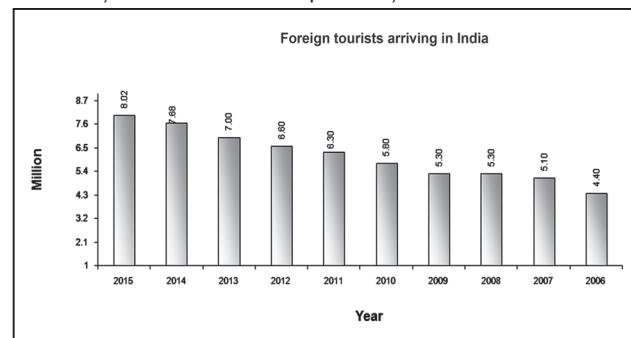
ICRA also said there are around 29,000 premium rooms under development, to be launched over the next six years. "The next supply bump will hit the market in 2016 across Bengaluru, Mumbai, Kolkata, and Noida with over 6,500 rooms. Markets such as Pune and Gurgaon will also see sizable room additions. Unless demand keeps pace, the widening supply-demand gap in these cities will impact rate integrity over the next two years,"

The country's hotel industry revenues are likely to improve by 9-10 per cent in 2016-17, mainly aided by improved occupancy, rating agency ICRA said. The pan-India average room rate (ARR) is flat for 2015-16, but occupancy improvement of 6-7 per cent supports revenue per available room (RevPAR) growth of 7 per cent, it said in a report. With deferment in construction, supply addition would be lower than earlier estimates at 7.7-8 per cent for 2016-17.

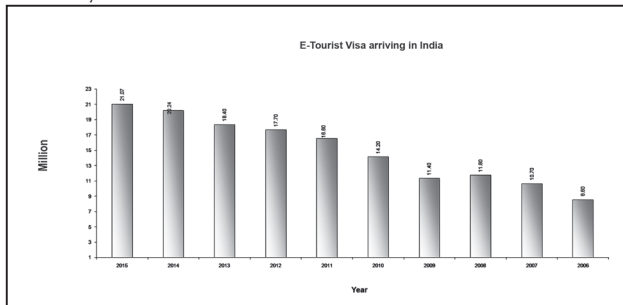
Domestic travel, going by domestic airline Revenue Passenger Kilometre (RPKM) trends exhibited strong growth during the past 12 months indicating improving consumer confidence, it said.

4. Market Size

The number of Foreign Tourist Arrivals (FTAs) has grown steadily in the last three years reaching around 8.02 million during the year 2015 as compared to 7.68 million during the year 2014. The top five countries in market share of FTA's are USA, Bangalesh, United Kingdom, Sri Lanka and Canada during the year 2015 as compared to US, Bangladesh, Untied Kingdom, srilanka and Russia during the year 2014. The total Foreign Exchange Earned (FEE) from tourism in rupees terms during the year 2015 was Rs.1,35,193 crore with a growth of 9.6% as compared to the FEE of Rs.1,23,320 crore during the year 2014. The total FEE during the year 2015 was USD 21.07 Billion as compared to USD 20.24 billion during the year 2014. FTA's of past 10 years is as below:



E-Tourist Visa: During the year, 2015 a total of 4,45,300 tourist arrived on e-Tourist Visa as compared to 39,046 during the year 2014, registering a growth of 1040.4%. This high growth may be attributed to introduction of e-Tourist Visa for 113 countries as against coverage of earlier ETA enabled TVoA scheme for 43 countries. TVoA of past 10 years is as below:



5. Financials

Revenues:

Income has increased by 8.79 % to Rs.271.99 crores from Rs.250.02 crores in the previous year.

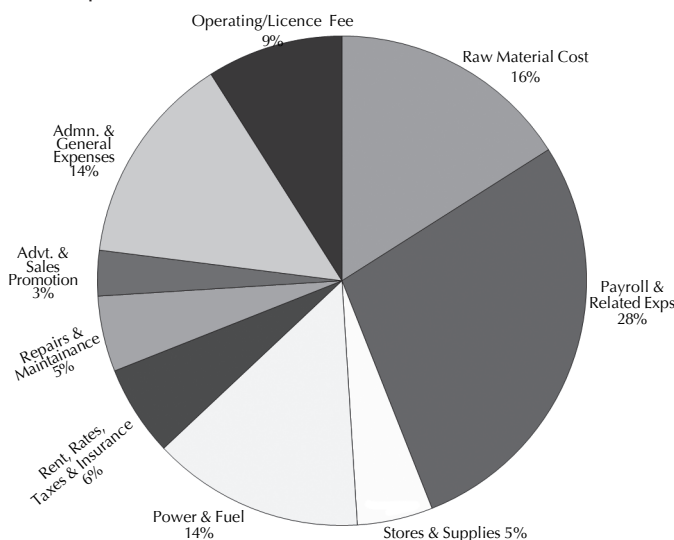
The room revenues rose by 11.88 % to Rs.115.07 crores from Rs.102.85 crores. The Food & Beverage income was Rs.137.17 crores a rise of 7 % compared to previous year's Rs.128.18 crores.

Expenditure:

- The total expenditure increased by 1.80% to Rs.256.43 crores from Rs.251.85 crores in the previous year due to the effect of inflation.
- Payroll cost increased by 8.6% from Rs.52.56 crores to Rs.57.12 crores.
- Other operating expenses were higher by 2% as compared to previous year mainly on account of rise in cost of raw material and other costs as a result of inflation.

Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA):

EBIDTA registered an increase of Rs.65.16 crores in 2015-16 from Rs.50.72 crores in the previous year. The percentage of operational expenditure break-up is given in pie chart below.



Profit before Tax:

The company reported a Profit before tax of Rs.15.56 crores as compared to loss before tax of Rs.1.83 crores in the previous year.

Profit after Tax:

The company reported a Profit after tax of Rs.8.42 crores as compared to a Loss after tax of Rs.1.97 crores in the previous year.

6. RISK MANAGEMENT:

Risks and Concerns

Economic Risks: Hotel business in general is sensitive to fluctuations in the economy. The hotel sector may be unfavourably affected by changes in global and domestic economies, changes in local market conditions, excess room supply, reduced international or local demand for hotel rooms and associates services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors. Since demand for hotels is affected by world economic growth, a global recession could lead to a downturn in the hotel industry.

Socio-Political Risks: The Hotel industry faces risk from volatile socio-political environment, internationally as well as within the country. India, being one of the fastest growing economies of the world in the recent past, continues to attract investments. However, any adverse events such as political instability, conflict between nations, terrorist attacks or spread of any epidemic or security threats to any countries may affect the level of travel and business activity.

Security Risks: The Hotel industry demands peace at all times to flourish. The biggest villain in South East Asia has been terrorism supplemented by political instability. Subsequent to the Mumbai terror attacks in November 2008, the hotel industry has invested substantially on security and intelligence. The security concerns have been duly addressed instilling confidence in the customer by providing international standards of safety.

Company-specific Risks

Heavy Dependence on India:

Risk of wage inflation: The hotel industry needs quality employees and with demand for the same improving across the industry, the Company feels that wage inflation would be a critical factor in determining costs for the Company. Thus, your Company will continue to focus on improving manpower efficiencies and creating a lean organisation, while maximising effectiveness in terms of customer service and satisfaction, which is an area of great importance for your Company.

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.

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 and a dedicated project management company. The Company will endeavour to complete its projects on time at optimal cost so as to maximise the profitability.

7. Internal Controls

Your Company's Internal Auditors carry out audit of the transactions of the Company at all the hotels and the corporate office periodically, in order to ensure that recording and reporting are adequate and proper. The Internal Audit also verifies whether internal controls and checks & balances in the systems are adequate, proper and up to date. Corrective actions for any weaknesses in the system that may be disclosed by the Audits are taken. The Internal audit is based on an exhaustive list of parameters called the Taj Positive Assurance Model (TPAM) which identifies the critical issues needing immediate management attention. The meticulous implementation of the improvements resulting from the TPAM exercise has overhauled the existing system and resulted in higher efficiencies.

The Audit Committee of the Board reviews the important observations of the Internal Audit and suggests corrective actions for the management to implement. The Internal Audit team also assesses the risks facing the company, steps taken to mitigate the risks and holds discussions with the management on the subject in order to create awareness of the risks and to take appropriate actions for reducing the impact and frequency of occurrence of the risks.

The Audit Committee of the Company meets periodically to review and recommend quarterly, half-yearly and annual financial statements of the Company. The Committee also holds discussions with the internal auditors, statutory auditors and the management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the statutory auditors, the scope and results of the audits.

8. HUMAN RESOURCES:

Human Capital

The term human capital formation means, "The process of acquiring and increasing the number of persons who have the skills, education and experience which are critical for the development of the company. Modern technology is becoming more and more complex. With the growth of science, machinery and equipment are becoming more sophisticated. Their efficient operation requires skill and technical knowledge. Therefore capital development is very significant and your Company

endeavours to take a more strategic and supportive approach to recruiting and retention to find and retain the new breed of evolving talent.

Recognition & Communication

Your Company has inculcated the best practices of Human Resources of Taj Group to weight its Human resources capital. In line with the corporate guidelines, the 'STARS' –Special Thanks and Recognition System is being followed to motivate the associates who excel in their service standards and reward them accordingly. The TATA core values are imparted to associates including new inductees, through the Tata Code of Conduct – TCOC as a group policy along with the Sexual Harassment Redressal Policy – SHRP. An Employee Satisfaction Survey is conducted at the end of every financial year by an external organization, the Gallup Organization to provide feedback to the company on the satisfaction levels so as to enable the Company to frame necessary measures to improve the work environment. Acts of excellence are recognized by displaying the names of the employees on the notice board.

A continuous dialogue between the management and the associates is promoted through the monthly Town Hall meetings. Customary meetings are organized with the associates at department and hotel level.

Social Activities

Each hotel's Annual Day is celebrated every year at all properties where all associates participate actively making this the most happening event of the year. It is the consequence of various activities conducted for the associates. Various cultural activities mark this occasion and the service awards are presented for employee motivation which is a very good way of employee recognition, awarding them in front of all the associates makes them feel conceited and acts as catalyst for others to do better and get recognized, this marks a healthy competition which benefits both the organization as well as the associates. These awards were conceptualized as an appreciation for employees, who have worked with the hotel and hold an exceptional professional record.

The Joy at Work or "JAW" initiative is the other benefits that the organization gives to its associates which are necessary for contravening the day to day work activities and giving the associates the necessary break. These activities are conducted for the associates as an avenue to unwind from their busy work schedules.

1. Movie Screening
2. Employee Recognition
3. Medical facilities including a dental, yoga & an eye camp provided to associates
4. Food Festival

5. Team outings for the Associate
6. A wide range of sports both indoor and outdoor, are held to keep the employees bright which is essential for the work place culture.

The following YOA initiatives have been rolled out for the associates:

- Birthday Celebrations including cake and meal for the family.
- Total employee involvement initiatives.
- FTC medical insurance cover.
- Free stay for newlyweds and Retiring employees.
- Health Camp.
- Up gradation of Heart of the House facility.
- Learn at Taj: Children of the associates have been given scholarships to 3 Taj scholars on merit based in their age category
- Paternity leave: 1 week leave has been provided
- Vidya scheme: the associates of the hotels have been driven for computer literacy.
- Bridging gaps
- House system.
- Partner of the month.
- Mid management holiday plan
- Hotel management scholarship.

The various initiatives and endeavours which have been talked about here are part of a greater strategy set in place by the Company. The aim is to bring the employees together in a cohesive structure that works efficiently towards the larger ideals and goals of the Company, without losing sight of the dynamics that exist at a more personal level. The professional satisfaction quotient of an employee dictates his/her productive output, which in turn enhances and contributes towards the larger goal of providing the best customer service possible.

EARTH (Environment Awareness and Renewal at Taj Hotels):

“In the long term, economic sustainability depends on ecological sustainability.”

The above view propagates the need to view climate change as the greatest challenge to face man and treated

as a much bigger priority than it has been in the past. As you are aware, your Company believes and inculcate by spreading knowledge and through their practises in playing an important role in preservation of the natural elements. World Environment Day on 5th June is observed worldwide and at the Taj hotels it is the EARTH - Environment Awareness and Renewal at Taj Hotels.

EACH year this day is of huge importance wherein activities involving associates are intended and achievements by the hotels in areas like reducing water consumption, saving electricity and waste management is dealt with. Activities included an Eco-walk in which associates of our hotels participated in solidarity for Our Planet Earth, sapling plantation, pollution check for guests and associates vehicles, sales by organizations who promote and make environment friendly products and to add a delicious ‘Green Menu’ at the staff cafeteria.

Your Company has attained a Green Globe Certification at the Silver level. Green Globe is a global brand that includes programs for sustainability, carbon neutrality and Benchmarking, Certification and Performance Improvement. The overall objective to is to target specific areas in environment awareness like waste minimization, re-use, recycling; energy efficiency, conservation, management; management of freshwater resources; waste water management; hazardous substances management; transport; land-use planning and management; involvement of staff, customers, communities in environmental issues; design for sustainability and partnerships for sustainable development. Over the next few years your Company aims to upgrade the level of certification by improved performance in all the above mentioned areas.

CAUTIONARY STATEMENT

Statements in the Annual Report particularly those which relate to Management Discussion and Analysis, describing the Companies Performance, estimates and expectations may constitute “forward looking statements” within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions.

CORPORATE GOVERNANCE

Corporate Governance is the interaction between various participants (shareholders, board of directors, and company's management) in shaping corporation's performance and the way it is proceeding towards carrying the business as per the stakeholders' desires and it is actually conducted by the Board of Directors and the concerned committees for the company's stakeholder's benefit. It is all about balancing individual and societal goals, as well as, economic and social goals.

Your Company is continuing the implementation of "Green Initiative in Corporate Governance" as per the directions of Ministry of Corporate Affairs by allowing paper less compliances by Company's through electronic mode. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. The necessary documents including Annual Report etc., has been posted in the Company's website www.tajgvk.in to enable the members to view the same.

In accordance with the requirement of Stock Exchange Regulations and the provisions of the Listing Agreement, the compliance report on the Corporate Governance is reproduced here under:

1. BOARD OF DIRECTORS

During the year 2015-16, Mr. Chinmai Sharma was co-opted as an Additional Director of the Company. The Board presently consists of 16 Directors (one Non-Executive Chairman, one Managing Director, one Executive Director, eight non-executive independent directors, and five non-executive promoter directors).

During the year 2015-16, the Board met 5 times - on 11.05.2015, 28.07.2015, 26.10.2015, 29.01.2016 and 31.03.2016. The maximum time gap between any two meetings was not more than four calendar months.

During the year 2015-16, the independent directors meeting was held on 31.03.2016, as required under schedule IV section vii of the Companies Act, 2013 without the presence of non-independent directors and members of Management.

The names and categories of directors, their attendance at the board meetings, number of Directorships and Committee memberships held by them in other companies are given hereunder:

| Name | Category | Board Meeting Attendance | Sitting Fees Paid (Rs.) | AGM Attendance | No. of Other Directorship+ | No. of other Committee* positions held | |
|---|---------------------------------|--------------------------|-------------------------|----------------|----------------------------|--|----------|
| | | | | | | Member | Chairman |
| Dr GVK Reddy DIN 00005212 | Promoter Non-Executive Chairman | 5 | 100,000 | Yes | 6 | Nil | Nil |
| Mrs. G Indira Krishna Reddy DIN 00005230 | Promoter Managing Director | 5 | Nil | Yes | Nil | Nil | Nil |
| Mrs. Shalini Bhupal DIN 00005431 | Promoter Executive Director | 5 | Nil | Yes | 1 | Nil | Nil |
| Mr G V Sanjay Reddy DIN 00005282 | Promoter Non-Executive | 2 | 40,000 | No | 6 | Nil | Nil |
| Mr. Krishnaram Bhupal DIN 00005442 | Promoter Non-Executive | 5 | 100,000 | Yes | 4 | Nil | Nil |
| Mr. Rakesh Sarna DIN 01875340 | Promoter Non-Executive | 5 | Nil | Yes | 7 | 4 | 1 |
| Mr. Anil P Goel DIN 00050690 | Promoter Non-Executive | 3 | 40,000 | No | 9 | 3 | Nil |
| Mr. Rajendra Misra# DIN 07493059 | Promoter Non-Executive | 1 | Nil | No | Nil | Nil | Nil |

Contd...

TAJGVK HOTELS & RESORTS LIMITED

| Name | Category | Board Meeting Attendance | Sitting Fees Paid (Rs.) | AGM Attendance | No. of Other Directorship+ | No. of other Committee* positions held | |
|---|------------------------------|--------------------------|-------------------------|----------------|----------------------------|--|----------|
| | | | | | | Member | Chairman |
| Mr. D R Kaarthikeyan DIN 00327907 | Independent Non-Executive | 4 | 80,000 | Yes | 5 | 5 | Nil |
| Mr. C D Arha DIN 02226619 | Independent Non-Executive | 5 | 100,000 | Yes | 4 | Nil | Nil |
| Mr. K Jayabharath Reddy DIN 00038342 | Independent Non-Executive | 5 | 100,000 | Yes | 3 | Nil | 2 |
| Mr. M B N Rao DIN 00287260 | Independent Non-Executive | 3 | 60,000 | Yes | 8 | 3 | 3 |
| Mr. CH G Krishna Murthy DIN 01667614 | Independent Non-Executive | 5 | 100,000 | Yes | 1 | Nil | 1 |
| Mr. S Anwar DIN 06454745 | Independent Non-Executive | 5 | 100,000 | Yes | 1 | Nil | 1 |
| Mr. A Rajasekhar DIN 01235041 | Independent Non-Executive | 5 | 100,000 | Yes | Nil | Nil | Nil |
| Mrs. Santha John DIN 00848172 | Independent Non-Executive | 5 | 100,000 | Yes | Nil | Nil | Nil |
| Mr. Chinmai Sharma* DIN 0725639 | Promoter Non-Executive | 2 | 20,000 | No | Nil | Nil | Nil |

+ Directorships in other public limited companies

* Committee memberships considered are of other companies only and those as required under the Code of Corporate Governance.

* Mr. Chinmai Sharma Resigned on 18.04.2016.

Mr. Rajendra Misra co-opted as an Additional Director with effect from 13th May, 2016

None of the directors is a member in more than ten committees and acts as a chairman in more than five committees across all companies in which he is a director.

Details of Remuneration of whole time Directors for the financial year 2015-16

| Name of the Director | Gross Salary (Rs.) | Stock option | Sweat Equity | Commission | Total (Rs.) | No. of Shares held |
|----------------------------|--------------------|--------------|--------------|------------|-------------|--------------------|
| Mrs G Indira Krishna Reddy | 27,484,038 | - | - | - | 27,484,038 | 3762966 |
| Mrs Shalini Bhupal | 16,647,243 | - | - | - | 16,647,243 | 11725180 |

2. AUDIT COMMITTEE

The Audit Committee consists of 6 Non-Executive Directors, of whom 4 are Independent Directors.

The Audit Committee has met 5 times during the financial year 2015-16 on 11.05.2015, 28.07.2015, 26.10.2015, 29.01.2016 and 31.03.2016. During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory and internal auditors including fixation of audit fee, discussed the internal auditors' findings and reviewed the company's financial and risk management policies.

The attendance details for the Committee meetings are as follows:

| | |
|--|-----|
| Mr. K Jayabharath Reddy, Independent Non-Executive | - 5 |
| Mr. D R Kaarthikeyan, Independent, Non-Executive | - 4 |
| Mr. Rakesh Sarna, Promoter, Non-Executive @ | - 3 |
| Mr. Anil P Goel, Promoter Non-Executive | - 3 |
| Mr. C D Arha, Independent Non-Executive | - 5 |
| Mr. M B N Rao, Independent Non-Executive | - 3 |
| Mr. Krishnaram Bhupal* | - 1 |

@ Mr. Rakesh Sarna resigned on 29.01.2016

* Mr. Krishnaram Bhupal appointed on 29.01.2016

3. NOMINATION AND REMUNERATION COMMITTEE

(Formerly known as Remuneration Committee)

The Nomination and Remuneration Committee comprises of four Non-Executive directors, of whom three are Independent Directors namely Mr.K Jayabharath Reddy, Chairman Mr.Rakesh Sarna, Mr.DR Kaarthikeyan and Mr.CD Arha are Members of the Committee. The Committee met once during the year on 26.10.2015 and recommended the appointment of Mr. Chinmai Sharma as an Additional Director on the Board w.e.f. 26.10.2015.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

(Formerly known as Shareholder's Investor Grievance Committee)

The Committee comprises of Mrs. G Indira Krishna Reddy, Mr. Anil P Goel and Mr. Ch G Krishna Murthy. The responsibilities of the Committee include Redressal of all shareholders complaints and grievances. The Committee met once during the year and reviewed the shareholders complaints and grievances.

The Company also has a Share Transfer Committee in place, which addresses the issues of transfer and transmission of shares, issue of duplicate share certificates, etc. The Committee has been meeting at regular intervals, generally not exceeding a fortnight.

The Company has received the following communications from the shareholders during the period April 2015 to March 2016, and all these were replied / resolved to the satisfaction of the shareholders.

| Sl. No. | Nature of Request / Complaint | Received | Resolved |
|---------|---|------------|------------|
| 1 | Non-receipt of share certificate sent for Transfer | - | - |
| 2 | Non-receipt of dividend warrant | 30 | 30 |
| 3 | Non-receipt of Demat credit / Remat certificate | - | - |
| 4 | Non-receipt of Annual Report | 42 | 42 |
| 5 | Change of Address | 74 | 74 |
| 6 | Bank Details / Mandate | 7 | 7 |
| 7 | Issuing new share certificate(s) in lieu of erstwhile Hotel Sree Krishna Limited share certificate(s) received for exchange | 56 | 56 |
| 8 | Stop Transfer / Procedure for duplicate share certificate | 7 | 7 |
| 9 | Indemnity / Affidavit – duplicate | 15 | 15 |
| 10 | Remat Request | - | - |
| 11 | Revalidation / Replacement of Dividend Warrant | 11 | 11 |
| 12 | Procedure for Transfer / Transmission / Name Deletion | 37 | 37 |
| 13 | Registration of Signature | 21 | 21 |
| 14 | Confirmation of details | - | - |
| 15 | Others | - | - |
| | TOTAL | 300 | 300 |
| | Complaints received from: | | |
| | SEBI | 11 | 11 |
| | Stock Exchange | 6 | 6 |

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility (CSR) Committee consists of the following directors namely Mrs. G Indira Krishna Reddy, Managing Director, Mr. D R Kaarthikeyan, Independent Director and Mr. Ch G Krishna Murthy, Independent Director. CSR policy was adopted by the Board of Directors on the recommendation of CSR committee.

Mr. J Srinivasa Murthy, CFO & Company Secretary, being the Compliance Officer of the Company act as the Secretary to all the above Committees.

6. RISK MANAGEMENT COMMITTEE

Risk Management Committee consists of the following persons namely Mrs. G. Indira Krishna Reddy- Managing Director, Mrs. Shalini Bhupal – Executive Director, General Managers of Hotel Taj Krishna, Hotel Taj Deccan, Hotel Taj Banjara and Hotel Vivanta By Taj, Begumpet. Mr. J Srinivasa Murthy, CFO & Company Secretary acts as secretary to the committee.

The Company has a robust Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The framework enables risks to be appropriately rated and graded in accordance with their potential impact and likelihood. The two key components of risks are the probability (likelihood) of occurrence and the impact (consequence) of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

Existing control measures are evaluated against Critical Success Factors (CSFs) and Key Performance Indicators (KPIs) identified for those specific controls. Guiding principles to determine the risk consequence (impact), probability of occurrence (likelihood factor) and mitigation plan effectiveness have been set out in Risk Register.

7. GENERAL BODY MEETINGS

| Year | Date | Time | Meeting | Venue |
|---------|------------|------------|---------|---|
| 2014-15 | 28.07.2015 | 11.30 A.M. | AGM | Taj Krishna, Road No. 1, Banjara Hills, Hyderabad |
| 2013-14 | 01.08.2014 | 11.30 A.M. | AGM | Sri Sathya Sai Nigamagmam, Srinagar Colony, Hyderabad |
| 2012-13 | 30.07.2013 | 11.30 A.M. | AGM | Sri Sathya Sai Nigamagmam, Srinagar Colony, Hyderabad |

Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2015-16.

Postal Ballot:

No Postal Ballot was conducted during the year 2015-16.

Special Resolutions:

At the AGM of the Company held on 28th July 2015, Special Resolution was passed for re-appointment of Mrs. G. Indira Krishna Reddy, as a Managing Director of the Company. Special Resolution was also passed for waiver of excess remuneration paid to Managing Director and Executive Director for the financial year 2014-15. All the Special Resolutions were passed with requisite majority.

At the AGM of the Company held on 1st August 2014, Special Resolution was passed for re-appointment of Mrs. Shalini Bhupal, as an Executive Director of the Company. Special Resolution were passed pursuant to section 180(1)(c) and 180(1)(a) of the Companies Act, 2013. Special Resolution was passed to alter / amend of the Article of association of the Company.

All the Special Resolutions were passed with requisite majority.

At the AGM of the Company held on 30th July 2013, no Special Resolution was passed.

8. DISCLOSURES

The Board of Directors receive from time to time disclosures relating to financial and commercial transactions from key management personnel of the Company as and when they and / or their relatives have personal interest in any of the pecuniary transactions with the Company. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.

Means of Communication

The Company has published its quarterly results in Business Standard, The Economic Times, and Andhra Prabha, Hyderabad (vernacular).

The Company has adopted the following clause 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015:

SEBI Complaints Redressal System (SCORES)

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The Company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

NSE Electronic Application Processing System (NEAPS):

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS

BSE Corporate Compliance & Listing Centre (the `Listing Centre`):

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

Ethics & Compliance Committee

The Ethics & Compliance Committee comprises of Mr. D R Kaarthikeyan, Mr. C D Arha being Non-Executive independent directors.

The Company has a Code of Conduct for Prevention of Insider Trading in place, as prescribed by the Securities and Exchange Board of India. The Committee monitors the implementation of the Code and takes on record the status reports detailing the dealings in securities by the Specified Persons. The Committee has not met during the financial year 2015-16.

Whistle Blower Policy

The Company has adopted Whistle Blower Policy and Code of Conduct for Non-executive Directors, to comply with the provisions of the amendment to the Regulation 17 of SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 read with the Listing Agreement.

SHAREHOLDER INFORMATION:

1. Annual General Meeting:

Date, Time & Venue : 4th August 2016, 11.30 a.m.
Sri Sathya Sai Nigamagmam
8-3-987/2, Srinagar Colony,
Hyderabad – 500 073

2. Share transfer book Closure dates : 30st July 2016 to 4th August 2016
(both days inclusive)

3. Financial Year Calendar 2016-17:

Financial Results Reporting

For the quarter ending June 30, 2016 : 4th August 2016
For the quarter ending September 30, 2016 : 2nd November 2016
For the quarter ending December 31, 2016 : 1st February 2017
For the quarter ending March 31, 2017 : April / May 2017

4. Listing of Equity shares on Stock Exchanges : **The National Stock Exchange of India Ltd.,**
Exchange Plaza, 5th Floor, Plot No.C/1,
G Block, Bandra Kurla Complex,
Bandra East, Mumbai 400 051.
: **Bombay Stock Exchange Ltd., Mumbai**
1st Floor, New Trading Ring Rotunda Bldg,
PJ Towers, Dalal Street, Fort,
Mumbai 400 013.

5. Stock Code

i) Trading Symbol at
Bombay Stock Exchange Ltd., Mumbai (physical segment) : TAJGVK 32390
Bombay Stock Exchange Ltd., Mumbai (Demat segment) : TAJGVDM 532390
National Stock Exchange, Mumbai (Physical segment) : TAJGVK EQ
National Stock Exchange, Mumbai (Demat segment) T+1 : TAJGVK BE
ii) Demat ISIN Numbers in NSDL & CDSL
Equity Shares : INE 586B01026
Listing fees for and up to the year 2016-17 have been paid to the above Stock Exchanges

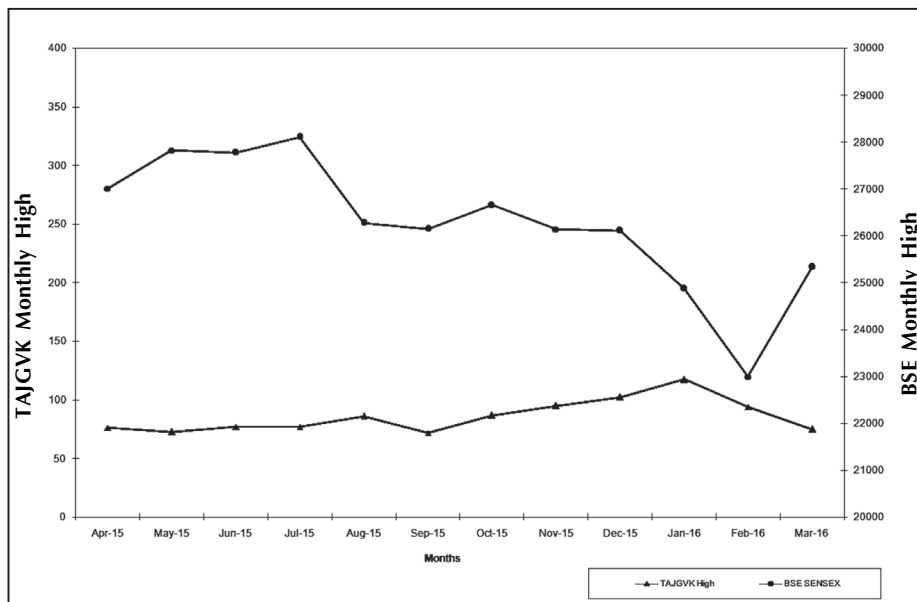
6. Statement of changes in share capital

| Date of Allotment | Number of Shares | Issue Price (Rs.) | Consideration | Reasons for Allotment | Cumulative Paid up Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-----------------------------|------------------|-------------------|-----------------|--|----------------------------------|--------------------------------|
| 2 nd Feb.,1995 | 700 | 10 | Cash | Subscribers to Memorandum of Association | 7,000 | - |
| 28 th June, 2000 | 10,164,599 | 10 | Other than cash | As per Scheme of Arrangement | 101,652,990 | 73,075,000 |
| 28 th June, 2000 | 2,375,000 | 10 | Other than cash | As per Scheme of Arrangement | 125,402,990 | 346,200,000 |
| 18 th Oct., 2005 | 62,701,495 | 2 | Other than cash | Stock Split of Rs.10/- FV to Rs.2/- FV | 125,402,990 | 346,200,000 |

7. Stock Market Data

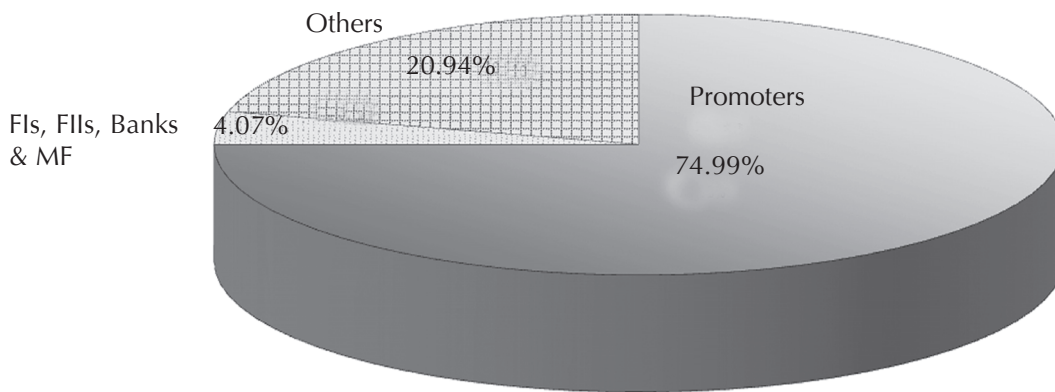
| Month & Year | Bombay Stock Exchange (BSE) | | National Stock Exchange (NSE) | |
|----------------|-----------------------------|-------------------------|-------------------------------|-------------------------|
| | Month's High Price (Rs.) | Month's Low Price (Rs.) | Month's High Price (Rs.) | Month's Low Price (Rs.) |
| April 2015 | 76.25 | 68.15 | 76.80 | 67.00 |
| May 2015 | 73.00 | 65.00 | 75.60 | 65.00 |
| June 2015 | 77.00 | 60.20 | 77.10 | 60.45 |
| July 2015 | 77.00 | 66.05 | 74.00 | 67.00 |
| August 2015 | 86.40 | 61.50 | 86.60 | 62.05 |
| September 2015 | 72.00 | 62.10 | 72.80 | 62.05 |
| October 2015 | 87.00 | 63.00 | 86.80 | 68.70 |
| November 2015 | 95.00 | 73.90 | 96.00 | 73.50 |
| December 2015 | 102.50 | 88.55 | 102.90 | 88.10 |
| January 2016 | 117.60 | 78.10 | 117.60 | 78.50 |
| February 2016 | 94.00 | 64.90 | 92.60 | 64.50 |
| March 2016 | 75.00 | 65.00 | 75.80 | 64.10 |

Comparison with Broad Based Indices - BSE



- 8. 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.
- 9. Reconciliation of Share Capital Audit** : Share Capital Audit is being carried out every quarter by a practising Company Secretary and the audit report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.

10. Distribution of Shareholding as on 31st March, 2016



Shareholding as on 31st March, 2016

| No. of shares held | No. of Shares | % of share capital | No. of Shareholders | % of total no. of shareholders |
|--------------------|-----------------|--------------------|---------------------|--------------------------------|
| Up to 500 | 4478396 | 7.14 | 39429 | 95.20 |
| 501 to 1000 | 909845 | 1.45 | 1120 | 2.70 |
| 1001 to 2000 | 672447 | 1.07 | 447 | 1.08 |
| 2001 to 3000 | 397898 | 0.64 | 155 | 0.37 |
| 3001 to 4000 | 187245 | 0.30 | 53 | 0.13 |
| 4001 to 5000 | 236582 | 0.38 | 50 | 0.12 |
| 5001 to 10000 | 553179 | 0.88 | 77 | 0.19 |
| 10001 and above | 55265903 | 88.14 | 86 | 0.21 |
| Total | 62701495 | 100.00 | 41417 | 100.00 |

11. Dematerialisation of Shares & Facility of simultaneous transfer

Approximately 96.13% of the shares issued by the Company have been dematerialised up to 31st March 2016. Trading in equity shares of your Company on any Stock Exchange is permitted only in the dematerialised mode with effect from 2nd July 2001.

Shareholders interested in dematerialising their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

TAJGVK HOTELS & RESORTS LIMITED

12. Unit Locations

- i. Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034.
Phone: 040-66662323; Fax: 040-66661313
E-mail: krishna.hyderabad@tajhotels.com
- ii. Taj Deccan, Road No.1, Banjara Hills, Hyderabad-500 034.
Phone: 040-66663939; Fax: 040-23392684
E-mail: deccan.hyderabad@tajhotels.com
- iii. Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034
Phone: 040-66669999; Fax: 040-66661919
E-mail: banjara.hyderabad@tajhotels.com
- iv. Taj Chandigarh, Block No.9, Sector 17A,
Chandigarh - 160 017
Phone: 0172-6613000; Fax: 0172-6614000
E-mail: taj.chandigarh@tajhotels.com
- v. Taj Club House, Chennai
No.2, Club House Road Chennai – 600 002
Phone: 044-66313131; Fax: 044-66313030
Email: clubhouse.chennai@tajhotels.com
- vi. Vivanta By Taj Begumpet
1-10-147 & 148, Mayuri Marg, Begumpet
Hyderabad – 500 016
Phone No.040-67252626
Email: vivanta.begumpet@tajhotels.com

13. Address of Registrar & Transfer Agents & Electronic voting service

Venture Capital and Corporate Investments Pvt Ltd.,
Unit: TAJGVK Hotels & Resorts Limited
#12-10-167, Bharat Nagar, Hyderabad 500 018.
Tel: 040 23818475,040-23818476
Fax: 040 23868024
E-mail: info@iccpl.com; Info@vccindia.com
Website: www.vccipl.com

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

14. Any query on Annual Report

CFO & Company Secretary
TAJGVK Hotels & Resorts Limited
Taj Krishna, Road No. 1 Banjara Hills, Hyderabad 500 034.
E-mail: tajgvkshares.hyd@tajhotels.com
Website: www.tajgvk.in

DECLARATION BY MANAGING DIRECTOR / CEO

I, G Indira Krishna Reddy, Managing Director of TAJGVK Hotels & Resorts Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31st March, 2016 compliance with the code of conduct of the Company laid down for them.

Place: Hyderabad
Date: 13th May 2016

G Indira Krishna Reddy
Managing Director
DIN 00005230

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE
AS PER CHAPTER IV OF SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

To the Members of
TAJGVK Hotels & Resorts Limited

We have reviewed the compliance of conditions of Corporate Governance by TAJGVK Hotels & Resorts Limited, for the year ended 31st March, 2016, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

No investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015..

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

For **BRAHMAYYA & CO.**
Chartered Accountants
Registration No: 000513S

Place : Hyderabad
Date : 13th May 2016

S.Satyanarayana Murthy
Partner
Membership No:023651

CERTIFICATE BY CEO/CFO

Pursuant to the provisions under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby certified that for the period ended 31st March, 2016:

- A. We have reviewed the financial statements and the cash flow statements for the period ended 31st March, 2016 and that to the best to our knowledge and belief, these statements:
1. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. 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 period under review that are fraudulent, illegal or violative 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 we have taken or propose to take, to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the period under review;
 2. significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud, if any, 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.

G Indira Krishna Reddy
Managing Director
DIN 00005230

J Srinivasa Murthy
CFO & Company Secretary
M. No. F4460

Place: Hyderabad
Date: 13th May, 2016

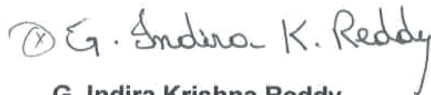
FORM A

(for Audit report with Unmodified opinion)

(Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

| | | |
|----|---|--|
| 1 | Name of the Company | TAJGVK Hotels & Resorts Limited |
| 2 | Annual financial statement for the year ended | March 31, 2016 (Standalone & Consolidated) |
| 3. | Type of Audit observations | Un-modified |
| 4 | Frequency of observation | Not applicable |

For TAJGVK Hotels & Resorts Limited



G. Indira Krishna Reddy
Managing Director

For TAJGVK Hotels & Resorts Limited



J. Srinivasa Murthy
CFO & Company Secretary

Place: Hyderabad
13th May 2016

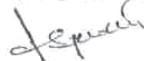
for TAJGVK Hotels & Resorts Ltd



K. Jayabharat Reddy
Chairman of Audit Committee



for BRAHMAYYA & CO,
Chartered Accountants
(Registration No. 000513S)



S. Satyanarayana Murthy
Partner
Membership No. 023651

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of TAJ GVK Hotels & Resorts Limited

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of TAJ GVK Hotels & Resorts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Statements

2. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. 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 financial control relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its Profit, and its cash flows for the year ended on that date.

Emphasis of Matters

9. Without qualifying our report, we draw attention to Note No: 19 to financial statements. The company has paid minimum remuneration to its Managing Director and Executive Director as per the terms of appointment approved by the shareholders. Such remuneration paid is in excess of the limits laid down in Schedule V to the Companies Act, 2013. The Company is in the process of applying to the Central Government for its approval.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on

record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial

position in its financial statements – Refer Note 16 to the financial statements;

- ii. The Company did not have any long-term contracts for which there were any material foreseeable losses as at March 31, 2016. The Company did not have any derivative contract.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For BRAHMAYYA & CO.,
Chartered Accountants
ICAI Registration No:000513S

S.Satyanarayana Murthy
Partner
Membership No:023651

Place: Hyderabad
Date : 13th May, 2016

Annexure 1 to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of TAJ GVK Hotels & Resorts Limited on the standalone financial statements for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties, are held in the name of the Company.
- ii. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed in respect of such confirmations.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of Clause 3(iii)(a), (b) and (c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. Therefore, the provision of Clause 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of services where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. As informed to us, the provisions relating to excise duty are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and the records of the Company examined by us, the following are the disputed demands:

TAJGVK HOTELS & RESORTS LIMITED

| Name of the statute | Name of the dues | Amount in lacs | Financial year to which the amount relates | Forum where the dispute is pending |
|----------------------|------------------|----------------|--|------------------------------------|
| Income- Tax Act,1961 | | 51.57 | 2006-07 | CIT(Appeals),Hyderabad |
| | | 7.60 | 2009-10 | -Do- |
| | | 151.08 | 2012-13 | -Do- |
| TelanganaVat Act | Sales Tax | 294.05 | 2008-09 to 2010-11 | High Court of Andhra Pradesh |
| | | 13.36 | 2008-09 | Appellate Tribunal |
| | | 80.62 | 2012-13 | Appellate Deputy Commissioner |
| Finance Act,1994 | Service Tax | 13.78 | 2005-06 To2010-11 | Commissioner Appeals (Chandigarh) |
| | | 2477.10 | 2006-07 To2010-11 | CESTAT (Bengaluru) |

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given by the management, the Company has not issued any debentures and does not have borrowings from the government. The Company has not defaulted in repayment of dues to banks.

- ix. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we are of the opinion that the term loans have been applied for the purposes for which they were obtained. The Company has not raised any money way of initial public offer or further public offer (including debt instruments).
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud / material fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management,with regard to the managerial remuneration,we report that requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 are yet to be made by the company.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For BRAHMAYYA & CO.,
Chartered Accountants
ICAI Registration No:000513S

S.Satyanarayana Murthy
Partner
Membership No:023651

Place: Hyderabad
Date : 13th May, 2016

BALANCE SHEET AS AT 31.03.2016

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | NOTE | As at | |
|-----------------------------------|-----------|------------------|----------------|
| | | March 31, 2016 | March 31, 2015 |
| I. EQUITY AND LIABILITIES | | | |
| 1 | | | |
| (a) Share capital | 1 | 1,254.03 | 1,254.03 |
| (b) Reserves and surplus | 2 | 33,935.33 | 33,395.12 |
| | | 35,189.36 | 34,649.15 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 25,312.98 | 26,934.98 |
| (b) Deferred tax liability (Net) | 15 | 4,836.40 | 4,144.87 |
| (c) Other Long term liabilities | 3 | 134.05 | 137.29 |
| (d) Long-term provisions | 3 | 295.62 | 196.84 |
| | | 30,579.05 | 31,413.98 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 4 | 251.21 | 1,621.34 |
| (b) Trade payables | 20 | 3,832.42 | 3,310.99 |
| (c) Other current liabilities | 4 | 3,068.53 | 1,711.41 |
| (d) Short-term provisions | 4 | 301.86 | - |
| | | 7,454.02 | 6,643.74 |
| TOTAL | | 73,222.43 | 72,706.87 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | 5 | | |
| (i) Tangible assets | | 45,391.56 | 40,576.48 |
| (ii) Intangible assets | | 151.35 | 187.16 |
| (iii) Capital work-in-progress | | 1,817.81 | 7,536.47 |
| (b) Non-current investments | 6 | 11,026.80 | 11,026.80 |
| (c) Long-term loans and advances | 7 | 11,190.71 | 10,044.29 |
| (d) Other non-current assets | 8 | 41.25 | 56.25 |
| | | 69,619.48 | 69,427.45 |
| 2 Current assets | | | |
| (a) Inventories | 9 | 771.46 | 805.06 |
| (b) Trade receivables | 9 | 1,212.83 | 1,262.65 |
| (c) Cash and bank balances | 9 | 173.60 | 165.19 |
| (d) Short-term loans and advances | 9 | 1,288.23 | 910.32 |
| (e) Other current assets | 9 | 156.83 | 136.20 |
| | | 3,602.95 | 3,279.42 |
| TOTAL | | 73,222.43 | 72,706.87 |

Summary of significant accounting policies
The accompanying notes form an integral part of the Balance Sheet

Per our report of even date

 For **BRAHMAYYA & CO.,**

Chartered Accountants

Firm Regn No. 000513S

S. Satyanarayana Murthy

Partner

M.No.: 023651

Place : Hyderabad

Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy

Chairman

DIN 00005212

Anil P. Goel

Director

DIN 00050690

G Indira Krishna Reddy

Managing Director

DIN 00005230

J. Srinivasa Murthy

CFO & Company Secretary

M No. F4460

TAJGVK HOTELS & RESORTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2016

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | NOTE | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|---|------|----------------------------|-----------------------------|
| INCOME | 10 | | |
| I. Revenue from operations | | 26,978.04 | 24,803.30 |
| II. Other income | | 221.46 | 198.48 |
| III. TOTAL Income (I + II) | | 27,199.50 | 25,001.78 |
| IV. EXPENSES | | | |
| Employee Benefits Expense | 11 | 5,712.10 | 5,256.76 |
| Food & Beverages Consumed | 12 | 3,178.04 | 3,151.75 |
| Finance Costs | 13 | 3,112.65 | 2,777.78 |
| Depreciation and amortization expense | 5 | 1,847.15 | 2,477.90 |
| Other operating and general expenses | 14 | 11,793.10 | 11,521.00 |
| TOTAL Expenses | | 25,643.04 | 25,185.19 |
| V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV) | | 1,556.46 | (183.41) |
| VI. Exceptional items | | - | - |
| VII Profit / (Loss) before tax (V- VI) | | 1,556.46 | (183.41) |
| VIII Tax expense: | | | |
| i) Current tax | 15 | 340.00 | - |
| ii) MAT Credit Entitlement | | (340.00) | - |
| iii) Deferred tax | | 691.52 | 13.87 |
| iv) Short Provision of Tax of earlier years (Net) | | 22.84 | - |
| TOTAL Taxes | | 714.36 | 13.87 |
| IX Profit/(Loss) after tax (VII-VIII) | | 842.10 | (197.28) |
| Earnings Per Share: | | | |
| Profit after tax | | 842.10 | (197.28) |
| No.of equity shares of Rs.2/-each | | 627.01 | 627.01 |
| Basic and Diluted | | 1.34 | (0.31) |
| Summary of significant accounting policies | | | |
| The accompanying notes form an integral part of the Statement of Profit and Loss | | | |

Per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No. 000513S

S. Satyanarayana Murthy
Partner
M.No.: 023651

Place : Hyderabad
Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy
Chairman
DIN 00005212

Anil P. Goel
Director
DIN 00050690

G Indira Krishna Reddy
Managing Director
DIN 00005230

J. Srinivasa Murthy
CFO & Company Secretary
M No. F4460

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Current Year | | Previous Year | |
|--|--------------|-------------------|---------------|-------------------|
| A NET PROFIT BEFORE TAX | | 1,556.44 | | (183.44) |
| Adjustments for : | | | | |
| Depreciation | 1,847.15 | | 2,477.91 | |
| Miscellaneous Expenditure Written off | 15.00 | | 15.00 | |
| Loss on sale of assets | 3.48 | | 9.59 | |
| Profit on sale of assets | (0.96) | | (8.57) | |
| Bad debts written off | 13.09 | | 28.79 | |
| Provision for Bad & Doubtful Debts | 65.70 | | 39.78 | |
| Extra-ordinary / Prior period items written off | 0.00 | | 0.00 | |
| Provision for bad & doubtful debts credited back | (56.60) | | 0.00 | |
| Interest expenses | 3,112.65 | | 2,777.79 | |
| Interest earned | (19.51) | | (30.36) | |
| | | 4,980.00 | | 5,309.93 |
| Operating Profit before working capital changes | | 6,536.44 | | 5,126.49 |
| Adjustments for : | | | | |
| Trade and other receivables | 29.00 | | (1,527.84) | |
| Inventories | 33.61 | | 127.01 | |
| Long term and Short term Loans and advances | (345.34) | | 1,077.68 | |
| Other Current Liabilities | 7.40 | | (26.77) | |
| Long term and Short term Provisions | 98.77 | | 79.21 | |
| Trade payables | 223.45 | 46.89 | 941.48 | 670.77 |
| Cash generated from operations | | 6,583.33 | | 5,797.26 |
| Taxes paid | | 422.76 | | 431.81 |
| Cash flow before extraordinary/prior period items | | 6,160.57 | | 5,365.45 |
| Extraordinary / Prior Period items | | 0.00 | | 0.00 |
| NET CASH IN FLOW FROM OPERATING ACTIVITIES | | 6,160.57 | | 5,365.45 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets /addition to CWIP | (1,714.12) | | (3,093.10) | |
| Interest Received | 20.12 | | 20.85 | |
| Sale of Fixed Assets | 10.88 | | 15.78 | |
| Purchase of Investments | 0.00 | | (4,784.63) | |
| NET CASH OUT FLOW FROM INVESTING ACTIVITIES | | (1,683.12) | | (7,841.10) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Long term loans raised | 0.00 | | 26,934.98 | |
| Long term loans (repaid) | 0.00 | | (21,686.42) | |
| Short term loans raised / (repaid) | 0.00 | | (900.00) | |
| Working capital borrowings | (1,370.12) | | 1,017.84 | |
| Long term deposits paid back | 13.73 | | (13.10) | |
| Interest paid | (3,112.65) | | (2,784.65) | |
| Dividend paid | 0.00 | | (129.87) | |
| Taxes on dividend paid | 0.00 | | (21.31) | |
| NET CASH OUT FLOW FROM FINANCING ACTIVITIES | | (4,469.04) | | 2,417.47 |
| Net increase in cash and cash equivalent | | 8.41 | | (58.18) |
| Cash and Cash equivalents as at beginning of the year | | 165.19 | | 223.37 |
| Cash and Cash equivalents as at end of the year | | 173.60 | | 165.19 |

Note: The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard, AS - 3 : Cash Flow Statements issued by the Institute of Chartered Accountants of India

Per our report of even date

For **BRAHMAYYA & CO.,**

Chartered Accountants

Firm Regn No. 000513S

S. Satyanarayana Murthy

Partner

M.No.: 023651

Place : Hyderabad

Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy

Chairman

DIN 00005212

Anil P. Goel

Director

DIN 00050690

G Indira Krishna Reddy

Managing Director

DIN 00005230

J. Srinivasa Murthy

CFO & Company Secretary

M No. F4460

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. General information

TAJGVK Hotels & Resorts Limited (“TAJGVK” / “the Company”) is joint venture between the GVK Group and Indian Hotels Company Limited and was incorporated on 02nd February, 1995 in state of Andhra Pradesh, India.

The Company is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts with the brand name “TAJ”.

2. Summary of Significant Accounting Policies

i. Basis of preparation of financial statements:

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act), read with rule 7 of The companies (Accounts) Rule, 2014, as amended vide the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the services rendered and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

ii. Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting

estimates are recognised in the period in which the estimate is revised.

iii. Exceptional and Extraordinary Items

a. Exceptional Items: Items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.

b. Extraordinary Items: Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly.

iv. Revenue Recognition:

a. Income from guest accommodation is recognised on a day to day basis after the guest checks into the Hotels. Income from Food and Beverages are recognised at the point of serving these items to the guests. Income stated is exclusive of taxes collected. Rebates and discounts granted to customers are reduced from revenue.

b. Shop rentals are recognized on accrual basis.

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

d. Insurance claims are recognized as and when they are settled / admitted.

v. Inventories:

Inventories are valued at lower of cost, ascertained at Weighted Average Method, or realizable value.

vi. Fixed Assets:

a. Fixed assets are stated at cost, net of credit availed in respect of any taxes, duties less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the

extent they relate to the period up to such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the construction cost to the extent such expenditure is related to construction or is incidental thereto.

Direct expenditure during construction period attributable to the cost of assets under construction is considered as capital work in progress and indirect expenditure is included under expenditure during construction period pending allocation.

- b. Intangible assets are carried at cost, net of credit availed in respect of any taxes and duties, less accumulated amortization. Computer software is classified under “Intangible Assets”.
- c. Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance.

vii. Depreciation and Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been re-assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| | |
|---|----------------|
| Plant and machinery | : 10to20 years |
| Electrical installations and equipment | : 20 years |
| Hotel Wooden Furniture | : 15 years |
| End User devices- Computers, Laptops, etc | : 6 years |

In respect of Leasehold land, depreciation is provided from the date land is put to use for commercial operations, over the balance period of the lease. The

renewal of these leases is considered as certain in view of past experience for the purpose of depreciation of building on leased property. In respect of improvements to buildings, depreciation is provided based on estimated useful life.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out once a year. The rates currently used for amortising intangible assets are as under:

| | |
|---|------------|
| Website Development Cost | : 5 years |
| Cost of Customer Reservation System (including licensed software) | : 6 years |
| Service & Operating Rights | : 10 years |

viii. Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of assets over the lease term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

ix. Foreign Exchange Transactions:

- a. Initial recognition: Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.
- b. Conversion: Foreign currency monetary items are reported at the exchange rates on Balance Sheet date.
- c. Exchange Difference: Exchange differences arising on the settlement of monetary items, on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise. Foreign currency assets / liabilities are restated at the rates prevailing at the year end and the gain / loss arising out of such restatement is taken to revenue.

x. Investments:

Investments that are readily realisable and are intended to be held for not more than one year from the date of such investment are classified as current investments. All other investments are classified as non-current.

Current investments are stated at lower of cost and fair value. Non-current Investments are valued at cost of acquisition including related expenses. Provision is made for diminution in the value of investments, if any, if such decline is other than temporary.

xi. Unamortised Expenses:

Payment on assignment of Taj Banjara hotel lease is being written off over the remaining period of the lease.

xii. Retirement Benefits:

a. Defined Contribution Plan:

Company's contribution towards Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

b. Defined Benefit Plan:

Gratuity to employees is covered under Group Gratuity Life Assurance Scheme. At the reporting date, Company's liability towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognized in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

At the reporting date, Company's liability towards compensated absences is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognized in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government

bonds are consistent with the currency and estimated terms of the defined benefit obligation.

xiii. Borrowing Costs:

General and specific borrowing costs directly attributable to the acquisition, construction of qualifying assets, which take a substantial period of time to get ready for their intended use, initially carried under expenditure incurred during the construction period are added to the cost of those assets, till such time the assets are substantially ready for their intended use.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

xiv. Taxes on income:

Tax expense comprising of current tax and deferred tax are considered in the determination of the net profit or loss for the year.

- a. Current tax: Provision for current tax is made for Income-tax liability estimated to arise on the profit for the year at the current rate of tax in accordance with the Income-tax Act, 1961.
- b. Deferred Tax: In accordance with the Accounting Standard (AS) 22 "Accounting for taxes on income" the company has recognised the deferred tax liability / asset in the accounts. Deferred tax reflects the impact of timing differences between taxable income and accounting income. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax asset is recognised only to the extent there is virtual certainty that sufficient taxable income will be available in future against which such deferred tax asset can be realized.
- c. Minimum alternate tax (MAT) credit: MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal tax within the specified period and the MAT credit available can be utilised. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down if considered not recoverable within the specified period.

xv. Earnings per share:

- a. Basic earnings per share: Basic earnings per share is calculated by dividing the net profit or loss for the

year after tax attributable to equity share holders by weighted average number of equity shares outstanding during the period.

- b. Diluted earnings per share: Diluted earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

xvi. Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is

reflected at the recoverable amount subject to a maximum of depreciated historical cost.

xvii. Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| NOTE 1 : SHARE CAPITAL | | |
| 1 Authorised Share capital | | |
| Equity Shares | | |
| 170500000 (170500000) Equity Shares of ₹2/- each | 3,410.00 | 3,410.00 |
| 2 Issued, Subscribed and Paid up | | |
| Equity Shares | | |
| 62701495 (62701495) Equity Shares of ₹2/- each fully paid-up | 1,254.03 | 1,254.03 |
| | <u>1,254.03</u> | <u>1,254.03</u> |

TAJGVK HOTELS & RESORTS LIMITED

i) Reconciliation of Ordinary shares :

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | No. of shares | As at | No. of shares | As at |
|---|---------------|----------------|---------------|----------------|
| | | March 31, 2016 | | March 31, 2015 |
| Shares outstanding at the beginning of the year | 62,701,495 | 1,254.03 | 62,701,495 | 1,254.03 |
| Add : Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 62,701,495 | 1,254.03 | 62,701,495 | 1,254.03 |

ii) Shareholders holding more than 5% Equity Shares in the Company

| Name of Shareholder | As at March 31, 2016 | | As at March 31, 2015 | |
|-----------------------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| G Indira Krishna Reddy | 3,762,966 | 6.00 | 5,065,000 | 8.08 |
| Dr. GVK Reddy | 3,805,981 | 6.07 | - | - |
| Shalini Bhupal | 11,725,180 | 18.70 | - | - |
| Krishnam Bhupal | 11,723,679 | 18.70 | - | - |
| The Indian Hotels Company Limited | 16,000,000 | 25.52 | 16,000,000 | 25.52 |
| Vertex Projects Limited | - | - | 22,238,646 | 35.47 |

iii) Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of Rs. 2 per share. Equity shares are attached with one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after discharging all preferential creditors, in proportion to their shareholding.

NOTE 2 : RESERVES AND SURPLUS

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | | | | As at March 31, 2015 | | | |
|--|--------------------------|---------------|-----------|--------------------------|--------------------------|-----------|-----------|--------------------------|
| | Balance as at 01.04.2015 | Additions | Deletions | Balance as at 31.03.2016 | Balance as at 01.04.2014 | Additions | Deletions | Balance as at 31.03.2015 |
| 1. Capital Reserve | 3,469.30 | - | - | 3,469.30 | 3,469.30 | - | - | 3,469.30 |
| 2. Securities Premium Account | 3,132.00 | - | - | 3,132.00 | 3,132.00 | - | - | 3,132.00 |
| 3. General Reserve | 7,100.00 | - | - | 7,100.00 | 7,100.00 | - | - | 7,100.00 |
| 4. Surplus in Statement of Profit and Loss | | | | | | | | |
| Opening balance | | | | | | | | |
| As at April 1, 2015 | 19,693.80 | - | - | 19,693.80 | 19,891.10 | - | - | 19,891.10 |
| Add : Net Profit/(Net Loss) | | | | | | | | |
| For the current year | - | 842.09 | - | 842.09 | - | (197.28) | - | (197.28) |
| Less : Proposed Dividend | - | (250.81) | - | (250.81) | - | - | - | - |
| Less : Tax on Proposed Dividend | - | (51.06) | - | (51.06) | - | - | - | - |
| Less :Transfer to Reserves | - | - | - | - | - | - | - | - |
| As at Mar 31, 2016 | 19,693.80 | 540.22 | - | 20,234.02 | 19,891.10 | (197.28) | - | 19,693.82 |
| TOTAL | 33,395.10 | 540.22 | - | 33,935.32 | 33,592.40 | (197.28) | - | 33,395.12 |

NOTE 3 : NON-CURRENT LIABILITIES
Long Term Borrowings

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|
| Secured term loans from: | | |
| Banks | 25,312.98 | 26,934.98 |
| TOTAL Non-current Borrowings | 25,312.98 | 26,934.98 |

Details of current and non current component of long term borrowing

| PARTICULARS | As at March 31, 2016 | | | As at March 31, 2015 | | |
|--------------|----------------------|-----------------|------------------|----------------------|---------|-----------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Term loans | 25,312.98 | 1,622.00 | 26,934.98 | 26,934.98 | - | 26,934.98 |
| TOTAL | 25,312.98 | 1,622.00 | 26,934.98 | 26,934.98 | - | 26,934.98 |

i) Term Loans from Banks:

- (a) Rs.15,000.00 lacs from HDFC Bank Ltd secured by first charge on all assets of Taj Chandigarh, Chandigarh repayable in 32 equal quarterly instalments with a moratorium of 2 years from date of disbursement, at an interest rate of 10.90% p.a
- (b) Rs.11,934.98 lacs from AXIS Bank Ltd secured by first charge on all assets of Taj Club House, Chennai and second charge on current assets of the company, repayable in 26 unequal quarterly instalments with a moratorium of 2.5 years from date of first disbursement, at an interest rate of 11.25% p.a

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Other Long Term Liabilities | | |
| (a) Deposits | 108.74 | 95.01 |
| (b) Creditors for Capital Goods | 25.30 | 42.30 |
| TOTAL | 134.04 | 137.31 |
| Long Term Provisions | | |
| Provision for employee benefits | | |
| Gratuity | 135.69 | 69.05 |
| Leave Encashment | 159.93 | 127.79 |
| TOTAL | 295.62 | 196.84 |

NOTE 4 : CURRENT LIABILITIES

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|--------------------------------------|-------------------------|-------------------------|
| Short Term Borrowings | | |
| (a) Loans repayable on demand | | |
| From Bank | | |
| Secured | 251.21 | 1,621.34 |
| TOTAL | 251.21 | 1,621.34 |

i) Secured loans:

Bank overdraft

Rs. 251.21 lacs from AXIS Bank Ltd and IDBI Bank Ltd are secured as under:

AXIS Bank: First charge on current assets of the Company, ranking pari-passu with IDBI Bank and second charge on fixed assets of Taj Club House.

IDBI Bank: First charge on current assets of the Company, ranking Pari-passu with Axis Bank.

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Other Current Liabilities | | |
| (a) Current maturities of long-term debt | 1,622.00 | - |
| (b) Creditors for capital goods | 251.34 | 475.34 |
| (c) Income received in advance | 385.09 | 439.48 |
| (d) Unpaid dividends | 103.89 | 138.44 |
| (e) Other Liabilities | 706.21 | 658.15 |
| TOTAL | 3,068.53 | 1,711.41 |
| Short Term Provisions | | |
| (a) Proposed Dividend | 250.81 | - |
| (b) Tax on Dividend | 51.05 | - |
| TOTAL | 301.86 | - |

NOTE 5 : FIXED ASSETS

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------------------------------------|---------------------------------|-----------------------------|---------------------------|---------------------------------|---------------------------------|-------------------------------|---------------------------|---------------------------------|---------------------------------|---------------------------------|
| | As at 31.03.2015 | Additions | Deductions | As at 31.03.2016 | Upto 31.03.2015 | For the year | Deductions | Upto 31.03.2016 | As at 31.03.2016 | As at 31.03.2015 |
| TANGIBLE ASSETS | | | | | | | | | | |
| 1. Freehold Land | 4,244.11 (4,244.11) | - | - | 4,244.11 (4,244.11) | - | - | - | - | 4,244.11 (4,244.11) | 4,244.11 (4,244.11) |
| 2. Leasehold Land | 189.18 (189.18) | - | - | 189.18 (189.18) | 43.26 (36.66) | 6.60 (6.60) | - | 49.86 (43.26) | 139.32 (145.92) | 145.92 (152.52) |
| 3. Buildings | | | | | | | | | | |
| a Hotel Building | 25,968.05 (25,966.42) | 5,549.74 (1.63) | - | 31,517.79 (25,968.05) | 7,312.64 (6,977.03) | 412.44 (335.61) | - | 7,725.08 (7,312.63) | 23,792.71 (18,655.42) | 18,655.42 (18,989.39) |
| b Improvements to leasehold buildings | 7,176.99 (7,176.99) | 1.32 | - | 7,178.31 (7,176.99) | 402.27 (282.82) | 119.52 (119.45) | - | 521.79 (402.26) | 6,656.52 (6,774.74) | 6,774.74 (6,894.17) |
| 4. Plant & Machinery | | | | | | | | | | |
| a Plant and Machinery | 17,404.99 (17,269.29) | 876.88 (232.97) | 151.99 (97.27) | 18,129.88 (17,404.99) | 8,170.89 (6,888.05) | 977.99 (1,364.55) | 142.36 (81.71) | 9,006.52 (8,170.89) | 9,123.36 (9,234.09) | 9,234.09 (10,381.24) |
| 5. Furniture & Fixtures | | | | | | | | | | |
| a Hotel Furniture and Fixtures | 5,982.22 (5,985.36) | 146.14 (9.58) | 14.60 (12.72) | 6,113.76 (5,982.22) | 4,707.72 (4,278.44) | 192.15 (441.17) | 13.87 (11.89) | 4,886.00 (4,707.72) | 1,227.76 (1,274.49) | 1,274.49 (1,706.92) |
| 6. Office Equipments | 1,121.45 (1,110.83) | 56.04 (16.48) | 0.91 (5.88) | 1,176.57 (1,121.43) | 975.45 (862.42) | 60.95 (118.62) | 0.31 (5.59) | 1,036.09 (975.45) | 140.48 (145.99) | 145.99 (248.42) |
| 7. Vehicles | | | | | | | | | | |
| a Cars | 290.13 (292.47) | - | 6.53 (2.34) | 283.60 (290.13) | 188.41 (144.92) | 31.96 (45.71) | 4.07 (2.22) | 216.29 (188.41) | 67.32 (101.72) | 101.72 (147.54) |
| TANGIBLE ASSETS Total | 62,377.12 (62,234.64) | 6,630.12 (260.66) | 174.03 (118.21) | 68,833.22 (62,377.10) | 21,800.64 (19,470.34) | 1,801.61 (2,431.70) | 161.63 (101.40) | 23,441.63 (21,800.63) | 45,391.58 (40,576.48) | 40,576.48 (42,764.32) |
| Total | 62,377.12 | 6,630.12 | 174.03 | 68,833.22 | 21,800.64 | 1,801.61 | 161.63 | 23,441.63 | 45,391.58 | 40,576.48 |
| Less: Internal Transfers | 2.47 | 2.47 | 2.47 | 2.47 | 2.47 | (0.65) | (0.65) | 23,441.63 | 45,391.58 | 40,576.48 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| 10 Software Systems | 287.13 (286.77) | 9.09 (0.36) | - | 296.22 (287.13) | 99.96 (53.76) | 44.89 (46.21) | - | 144.87 (99.96) | 151.35 (187.16) | 187.16 (233.01) |
| INTANGIBLE ASSETS Total | 287.13 (286.77) | 9.09 (0.36) | - | 296.22 (287.13) | 99.96 (53.76) | 44.89 (46.21) | - | 144.87 (99.96) | 151.35 (187.16) | 187.16 (233.01) |
| Total | 62,664.24 (62,521.41) | 6,636.74 (261.02) | 171.56 (118.21) | 69,129.44 (62,664.22) | 21,900.60 (19,524.10) | 1,847.15 (2,477.90) | 161.26 (101.40) | 23,586.50 (21,900.59) | 45,542.93 (40,763.64) | 40,763.64 (42,997.33) |
| 16 Capital Work - In - Progress | | | | | | | | | | |
| | | | | 1,817.81 (7,536.47) | | | | | 1,817.81 (7,536.47) | 7,536.47 (5,690.97) |
| TOTAL | 70,947.25 (70,200.68) | | | 70,947.25 (70,200.68) | 21,900.60 (19,524.10) | 1,847.15 (2,477.90) | 161.26 (101.40) | 23,586.50 (21,900.59) | 47,360.734 (48,300.11) | 48,300.11 (48,688.29) |

Note: 1) Hotel Taj Chandigarh is constructed on land taken on lease for 99 years.
 2) Vivanta by Taj - Begumpet, Hyderabad is on land and superstructure taken on lease for 60 years, extendable by further period of 30 years.
 3) Additions to Capital work in progress include Rs.1,28,01,359/- of borrowing cost capitalised during the year.
 4) Figures in brackets are of previous period.

TAJGVK HOTELS & RESORTS LIMITED

NOTE 6 : NON- CURRENT INVESTMENTS

(All amounts are Rs. in lakhs, unless otherwise stated)

| | As at March 31, 2016 | | | | | As at March 31, 2015 | | | | |
|--|----------------------|---------------|------------------|-----------|------------------|----------------------|---------------|------------------|-----------|------------------|
| | Type of Investment | No. of Shares | Gross Cost | Provision | Net Cost | Type of Investment | No. of Shares | Gross Cost | Provision | Net Cost |
| i) LONG TERM INVESTMENT IN GROUP COMPANIES - TRADE - UNQUOTED | | | | | | | | | | |
| Investment in Joint Ventures | | | | | | | | | | |
| Greenwoods Palaces and Resorts Pvt Ltd (Fully paid) | Equity | 36,750,000 | 11,025.00 | - | 11,025.00 | Equity | 36,750,000 | 11,025.00 | - | 11,025.00 |
| NON-TRADE INVESTMENT, UNQUOTED | | | | | | | | | | |
| Green Infra Windfarms Limited (fully paid) | Equity | 18,000 | 1.80 | - | 1.80 | Equity | 18,000 | 1.80 | - | 1.80 |
| TOTAL | | | 11,026.80 | - | 11,026.80 | | | 11,026.80 | - | 11,026.80 |

- i) The Company has acquired 3,67,50,000 (3,67,50,000) Equity Shares (48.99% [48.99%] of total shares) of Rs. 10/- each of Greenwoods Palaces & Resorts Pvt Ltd at a premium of Rs.20/- per share. M/s.Greenwoods Palaces & Resorts Pvt Ltd (SPV) is operating Taj Santacruz, 5-star luxury hotel comprising of 279 rooms near Terminal 1C, Santacruz, Mumbai at Mumbai International Airport. The SPV is treated as a jointly controlled entity as per the Accounting Standards.
- ii) Non-Trade Unquoted Investment was made in a company with which the Company entered into a power purchase agreement for supply of 3 million units of power or 5.65% of its actual generation whichever is less in order to comply with regulatory requirement for supply of such power.

NOTE 7 : LONG TERM LOANS AND ADVANCES

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|------------------------------------|----------------------|----------------------|
| Unsecured, considered good | | |
| (a) Capital Advances | 7,097.59 | 6,318.55 |
| (b) Deposits - Others | 1,174.61 | 1,218.68 |
| (c) Advance Tax (net of provision) | 1,198.43 | 1,138.51 |
| (d) Minimum Alternate Tax Credit | 1,705.00 | 1,365.00 |
| (e) Other loans and advances | 15.08 | 3.55 |
| TOTAL | 11,190.71 | 10,044.29 |

NOTE 8 : OTHER NON CURRENT ASSETS

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------|----------------------|----------------------|
| Other non current assets | | |
| Unamortized expenditure | 41.25 | 56.25 |
| TOTAL | 41.25 | 56.25 |

NOTE 9 : CURRENT ASSETS

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Inventories | | |
| a) Stores and Operating Supplies | 317.23 | 374.88 |
| b) Food and Beverages | 454.23 | 430.18 |
| TOTAL | 771.46 | 805.06 |
| Trade Receivables | | lacs |
| Trade receivables | | |
| Outstanding over six months from the date they are due for payment: | | |
| Unsecured, considered good | 208.25 | 192.95 |
| Unsecured, considered doubtful | 67.76 | 58.67 |
| Less: Provision for doubtful debts | 67.76 | 58.67 |
| | 208.25 | 192.95 |
| Others: | | |
| Unsecured, considered good | 1,004.58 | 1,069.70 |
| | 1,004.58 | 1,069.70 |
| TOTAL | 1,212.83 | 1,262.65 |
| Cash and Bank Balances | | |
| Cash and Cash equivalents : | | |
| Cash on Hand | 17.73 | 22.64 |
| Current Accounts with banks | 51.98 | 4.12 |
| | 69.71 | 26.76 |
| Balances with Banks Others : | | |
| Earmarked balances with banks on account of unclaimed dividend | 103.89 | 138.44 |
| | 103.89 | 138.44 |
| TOTAL | 173.60 | 165.20 |
| Short-term loans and advances | | |
| Unsecured considered good: | | |
| a. Deposits with Public Bodies and Others | 41.91 | 13.81 |
| b. Other advances recoverable in cash or in kind | 1,246.32 | 896.51 |
| TOTAL | 1,288.23 | 910.32 |
| Other Current Assets | | |
| Unbilled receivables | 132.92 | 111.69 |
| Unamortized expenses | 15.00 | 15.00 |
| Interest receivable | 8.91 | 9.51 |
| | 156.83 | 136.20 |

TAJGVK HOTELS & RESORTS LIMITED

NOTE 10 : INCOME

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Current Year | Previous Year |
|--|------------------|---------------|
| Revenue from operations | | |
| I) Rooms, Restaurants, Banquets and Other Services (net of duties) | 26,978.04 | 24,803.30 |
| II) Other Income | | |
| (a) Surplus on sale of fixed assets | 0.96 | 8.57 |
| (b) Interest Income | 19.51 | 30.36 |
| (c) Miscellaneous Income | 189.23 | 147.88 |
| (d) Exchange gain / (loss) on foreign currency transaction & translation (net) | 11.76 | 11.67 |
| Sub-total | 221.46 | 198.48 |
| TOTAL | 27,199.50 | 25,001.78 |
| NOTE 11 : EMPLOYEE BENEFITS EXPENSES | | |
| (i) Salaries, Wages, Bonus etc. | 3,492.31 | 3,250.51 |
| (ii) Company's Contribution to Retirement Funds & Other Funds | 289.63 | 288.46 |
| (iii) Reimbursement of Expenses on Personnel Deputed to the Company | 798.20 | 721.51 |
| (iv) Payment to Contractors / Outsourced Labour | 478.65 | 411.50 |
| (v) Workmen / Staff Welfare Expenses | 653.31 | 584.78 |
| | 5,712.10 | 5,256.76 |
| NOTE 12 : FOOD & BEVERAGES CONSUMED | | |
| Food & Beverages Consumed | 3,178.04 | 3,151.75 |
| NOTE 13 : FINANCE COST | | |
| Finance cost | | |
| Interest expenses | 3,240.66 | 3,358.99 |
| Less: Interest Capitalized | 128.01 | 581.21 |
| TOTAL Interest Expenses | 3,112.65 | 2,777.78 |

NOTE 14 : OPERATING AND GENERAL EXPENSES

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Current Year | Previous Year |
|---|---------------------|----------------------|
| a) Operating Expenses | | |
| Linen and Room Supplies | 858.05 | 804.16 |
| Catering Supplies | 301.28 | 243.95 |
| Other Supplies | 24.26 | 25.46 |
| Fuel, Power and Light | 2,915.22 | 3,095.59 |
| Repairs to Buildings | 350.28 | 332.65 |
| Repairs to Machinery | 658.89 | 772.57 |
| Repairs to Others | 105.89 | 103.95 |
| Payment to Security contractor & Artistes | 428.27 | 439.17 |
| Guest Transportation | 162.58 | 161.46 |
| Travel Agent's Commission | 190.86 | 184.90 |
| Collecting Agent's Commission | 257.07 | 267.78 |
| Sub - Total | 6,252.65 | 6,431.64 |
| b) General Expenses | | |
| Rent | 387.86 | 279.02 |
| License Fees | 671.88 | 693.05 |
| Rates & Taxes | 805.13 | 827.34 |
| Insurance | 82.20 | 92.98 |
| Advertisement and Publicity | 655.12 | 426.85 |
| Printing and Stationery | 130.98 | 136.86 |
| Passage and Traveling | 53.40 | 50.42 |
| Provision for Doubtful Debts | 65.70 | 39.78 |
| Bad debts and advances written off | 13.09 | 28.79 |
| Professional Fees | 128.51 | 130.24 |
| Loss on Sale of Fixed Assets | 3.48 | 9.59 |
| Donation | 31.00 | 0.12 |
| Operating and Management fees | 1,205.17 | 1,091.08 |
| CSR Expenses | 57.29 | - |
| Auditors' Remuneration | | |
| i. As Auditors | 19.10 | 19.10 |
| ii. For Taxation Audit | 3.55 | 3.00 |
| iii. For certification | 0.10 | 0.10 |
| Directors' Sitting Fees | 10.40 | 10.20 |
| Amortized expenses | 15.00 | 15.00 |
| Other Expenses | 1,201.49 | 1,235.84 |
| Sub -total | 5,540.45 | 5,089.36 |
| TOTAL | 11,793.10 | 11,521.00 |

NOTE 15 : DETAILS OF TAXATION

(All amounts are Rs. in lakhs, unless otherwise stated)

a) Summary of Taxes charged during the year in the Profit & Loss A/c

| PARTICULARS | As at Mar 31, 2016 | As at Mar 31, 2015 |
|---|--------------------|--------------------|
| Current Tax | 340.00 | - |
| Minimum Alternate Tax Credit Entitlement | (340.00) | - |
| Tax for earlier Years | 22.84 | - |
| Deferred Tax Debit/(Credit) | 691.52 | 13.87 |
| TOTAL Debit/(Credit) to Statement of Profit & Loss | 714.36 | 13.87 |

b) Deferred Tax Asset/Liability as at Mar 31, 2016

In accordance with Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax liability up to 31.03.2016 comprising of the following components

| PARTICULARS | As at Mar 31, 2016 | As at Mar 31, 2015 |
|---|--------------------|--------------------|
| Deferred Tax Liability | | |
| Timing difference on Depreciation on Fixed Assets | 4,939.67 | 4,233.37 |
| TOTAL | 4,939.67 | 4,233.37 |
| Deferred Tax Assets | | |
| Provision for Doubtful Debts | 23.45 | 19.95 |
| Employee Benefits | 79.82 | 68.55 |
| TOTAL | 103.27 | 88.50 |
| Net Deferred Tax Liability/Asset | 4,836.40 | 4,144.87 |

16. Commitments and Contingent liabilities not provided for in respect of:

Commitments

Estimated amount of contracts remaining to be executed on capital account Rs 3.68 Lacs (2015:Rs 16.30 Lacs).

Contingent liabilities not provided for in respect of

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Sales tax matters | 388.02 | 769.77 |
| Income tax matters | 210.25 | 304.16 |
| Service tax matters | 2490.88 | 2490.88 |
| Wealth tax matters | - | 31.69 |
| Luxury tax matters | - | 76.47 |
| Probable customs duty payable on the Equipment Imported under Export | | |
| Promotion Capital Goods Scheme | 5.85 | 487.18 |
| Letters of Credit | - | - |
| Bank Guarantees – Others | - | 134.81 |

17. Deposits recoverable under Loans and Advances include the following amounts paid under protest:
- Rs. 101.99 lacs (Rs. 209.48 lacs) paid under the VAT Act pertaining to financial years 2005-06 to 2012-13.
 - Rs. 254.79 lacs (Rs.147.09 lacs) paid under the Income Tax Act pertaining to financial years 2002-03 and 2005-06.
18. Due to inadequacy of the profits the remuneration paid to the Managing Director and the Executive Director is in excess of the limits specified under Sections 197 and 198 of the Companies Act, 2013, aggregating to Rs.189.48 lacs and Rs. 81.11 lacs respectively. Company is in the process of submitting an application to the Central Government for approval of the excess remuneration paid to the Managing Director and Executive Director as per the terms of their appointment. The Company is placing the requisite resolution for approval of shareholders at the ensuing Annual General Meeting.
19. i) Disclosure of Trade Payables under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006".
- ii) Details of total outstanding dues to Micro and Small Enterprises as per MSMED Act, 2006:

| PARTICULARS | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| The principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year | 2.49 | - |
| The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amounts of payments made to the supplier beyond the appointed day | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| The amount of further interest remaining due and payable in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under MSMED Act, 2006 | - | - |

20. Additional information pursuant to provisions of Clause 5 of Part II of Schedule III of the Companies Act 2013.

i) Income from Guest Accommodation, Restaurants etc (All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Current Year | Previous year |
|----------------------------|-----------------|-----------------|
| Guest Accommodation | 13006.82 | 11652.00 |
| Food, Beverages and others | 10824.28 | 10018.48 |
| Liquor & Wines | 2035.83 | 2059.72 |
| Telephones | 110.23 | 174.69 |
| Other Operating Income | 1000.88 | 898.41 |
| Other Income | 221.46 | 198.48 |
| TOTAL | 27199.50 | 25001.78 |

TAJGVK HOTELS & RESORTS LIMITED

ii) Consumption of Provisions, Stores and Wines

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Opening Stock | Purchases | Consumption | Closing Stock |
|--|----------------------------------|------------------------------------|------------------------------------|----------------------------------|
| Provisions & Stores, Beverages other than Liquor, Beer & Wines | 285.47 (348.42) | 2756.56 (2520.51) | 2599.25 (2583.45) | 442.78 (285.47) |
| Liquor, Beer & Wines | 285.09 (346.85) | 622.37 (506.53) | 578.79 (568.29) | 328.67 (285.09) |
| TOTAL | 570.56 (695.27) | 3378.93 (3027.04) | 3178.04 (3151.74) | 771.45 (570.56) |

iii) Transactions in Foreign Currency

a) Earnings in Foreign Exchange Rs. 3832.04 Lacs (2015: Rs. 4163.46 Lacs)

As reported by The Company to the Ministry of Tourism / Government of India and as certified by the Management but not verified by the auditors

b) Expenditure in foreign currency:

| PARTICULARS | Current Year | Previous year |
|--------------------|---------------------|----------------------|
| Capital Goods | 17.48 | 10.01 |
| Consultancy | 51.29 | 56.35 |
| Others | 183.98 | 187.47 |
| TOTAL | 252.75 | 253.83 |

iv) Consumption of raw materials (provisions, stores & wines)

| PARTICULARS | Current Year | | Previous Year | |
|--------------------|---------------------|---------------|----------------------|---------------|
| | in lacs | % | in lacs | % |
| Imported | 234.71 | 7.38 | 210.97 | 6.69 |
| Indigenous | 2943.33 | 92.62 | 2940.77 | 93.31 |
| TOTAL | 3178.04 | 100.00 | 3151.74 | 100.00 |

21. Related Parties Disclosure

Disclosures as required under Accounting Standard (AS) 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

a. Key Managerial personnel:

| Name of the Related Party | Relationship |
|----------------------------------|---------------------|
| Smt.G.Indira Krishna Reddy | Managing Director |

b. Other related parties:

| Name of the Related Party | Relationship |
|---|---------------------------|
| Sri G.V.Krishna Reddy | Chairman |
| Smt.Shalini Bhupal | Executive Director |
| Green Woods Palaces and Resorts Pvt Ltd | Jointly controlled entity |
| The Indian Hotels Company Limited | Joint Venturer |

c. Companies/Firms/Trust in which the key management and their relatives are interested:

| | |
|---|--|
| Accura Constructions (P) Ltd | GVK Power (Goindwal Sahib) Ltd (*) |
| Accura Estates (P) Ltd | GVK Properties & Management Co.(P) Ltd |
| Amtran Constructions (P) Ltd | GVK Projects & Technical Services Ltd. (*) |
| Bengaluru Airport & Infrastructure Developers Pvt.Ltd | GVK Technical Consultancy Services (P) Ltd (*) |
| Bengaluru International Airport Ltd (*) | GVK Ratle Hydro Electric Project Pvt Ltd (*) |
| Bonanza Real Estates (P) Ltd | Innovative Land Holdings (P) Ltd |
| Cygnus Real Estates (P) Ltd | Inogent Laboratories (P) Ltd (*) |
| Eagle Land Holdings (P) Ltd | GVK EMRI (*) |
| GVK Gautami Power Ltd (*) | Mallikarjuna Estates (P) Ltd |
| Goldgreen Land Holdings (P) Ltd | Mallikarjuna Finance (P) Ltd |
| Greenwoods Palaces & Resorts (P) Ltd | Marriot Land Holdings (P) Ltd |
| Greenridge Hotels & Resorts LLP | Midas Estates (P) Ltd |
| GVK Airport Developers (P) Ltd (*) | Mumbai Airotopolis Pvt Ltd |
| GVK Airport Holdings (P) Ltd | Mumbai Aviation Fuel Form Facility (P) Ltd |
| GVK Biosciences (P) Ltd (*) | Mumbai International Airport (P) Ltd (*) |
| GVK City (P) Ltd | Nova Technical & Consultancy Services P Ltd. |
| GVK Davix Research (P) Ltd | Orbit Travel & Tours (P) Ltd (*) |
| GVK Davix Technologies (P) Ltd | Pace Constructions (P) Ltd |
| GVK Foundation (*) | Paigah House Hotel (P) Ltd |
| GVK EMRI (UP) Pvt Ltd | Pinakini Share & Stock Brokers Ltd |
| GVK Informatics (P) Ltd. | Pinnacle Land Holdings (P) Ltd |
| GVK Janani Shishu Suraksha (UP) Pvt Ltd | Raghavendra Finance (P) Ltd |
| GVK Energy Ltd (*) | Rocktown Estates Pvt Ltd |
| GVK Estates Private Limited | SR Finance (P) Ltd |
| GVK Industries Ltd (*) | Suphala Real Estates (P) Ltd |
| GVK Jaipur Expressway Private Ltd (*) | Volantis Land Holdings (P) Ltd |
| GVK Oil & Gas Limited | Vulcon Constructions (P) Ltd |
| GVK Power & Infrastructure Ltd (*) | |

(*) – companies with which there are transactions during the year

TAJGVK HOTELS & RESORTS LIMITED

TRANSACTIONS DURING THE YEAR

(All amounts are Rs. in lakhs, unless otherwise stated)

| Name of the related party | Current Year | Previous Year |
|---|--------------|---------------|
| Key Management Personnel: | | |
| Mrs.Indira Krishna Reddy – Remuneration | 274.84 | 216.48 |
| Mrs.Shalini Bhupal – Remuneration | 166.47 | 157.83 |
| Joint Venturer: | | |
| Indian Hotels Company Limited | | |
| - Operating fee | 1205.17 | 1091.08 |
| - Reimbursement of advertisement expenses | 363.90 | 348.19 |
| Jointly controlled entity: | | |
| Green Woods Palaces & Resorts (P) Ltd | | |
| - Investment in Equity Shares | - | 4784.63 |
| Enterprises in which key management personnel and / or their relatives have significant influence: | | |
| Rocktown Estates Pvt Ltd | | |
| - Purchase of vegetables | - | 8.08 |
| Orbit Tours and Travels (P) Ltd | | |
| - Purchase of travel tickets and car hire charges | 12.87 | 18.97 |
| GVK Foundation | | |
| - Donation | 31.00 | - |
| GVK Technical Consultancy Services (P) Ltd | | |
| - Salaries of deputed staff | - | 20.84 |
| Income from sale of rooms and food & beverages: | | |
| - Alakananda Hydro Power Co. Ltd | - | 2.19 |
| - GVK Gautami Power Ltd | 0.68 | 2.35 |
| - Mumbai International Airport Pvt Ltd | 8.67 | 6.78 |
| - GVK Biosciences Pvt Ltd | 20.22 | 14.97 |
| - GVK Coal (Tokisud) Co. Pvt. Ltd | - | 1.42 |
| - GVK Industries Ltd | 9.30 | 17.23 |
| - GVK Jaipur Expressway Pvt Ltd | 0.32 | 0.33 |
| - GVK Power and Infrastructure Ltd | 2.70 | 4.31 |
| - GVK Power (Goindwal Sahib) Ltd | 3.75 | 9.84 |
| - Bengaluru International Airport Ltd | 6.09 | 1.12 |
| - GVK Energy Ltd | 1.12 | 2.77 |
| - Inogent Laboratories Pvt Ltd | 0.77 | 1.16 |
| - GVK Natural Resources Pvt Ltd | - | 0.18 |
| - GVK Projects and Technical Services Ltd | 0.07 | - |
| - GVK Ratle Hydro Electric Project Pvt Ltd | 0.87 | 1.63 |
| - GVK Technical Consultancy Services (P) Ltd | 0.60 | 0.57 |
| - GVK EMRI | 5.24 | 12.19 |
| - GVK Airport Developers Ltd | 0.30 | - |

(All amounts are Rs. in lakhs, unless otherwise stated)

| Name of the related party | Current Year | Previous Year |
|---|-----------------|---------------|
| BALANCES OUTSTANDING AS OF 31 MARCH, 2016: | | |
| Joint Venturer: | | |
| Indian Hotels Company Limited | | |
| Operating fee & reimbursements payable | 1462.19 | 950.46 |
| Reimbursement of expenses payable / (receivable) | 233.48 | (207.67) |
| Jointly controlled entity: | | |
| Green Woods Palaces & Resorts (P) Ltd | | |
| Investment in Equity Shares | 11025.00 | 11025.00 |
| Advance against calls | - | - |

22. The Company has given certain assets on operating lease, on which the minimum future lease rentals receivable, are as follows:

| PARTICULARS | As at 31 March, 2016 | As at 31 March, 2015 |
|---|----------------------|----------------------|
| Not later than one year | 491.18 | 491.51 |
| Later than one year but not later than five years | 606.70 | 501.33 |
| Later than 5 years | - | - |

23. **Employee benefits:**

Defined contribution plan:

Amount recognised as an expense in statement of profit and loss Rs. 93.20 lacs/- (2015: Rs. 95.11/-) on account of provident fund and Rs. 42.62/- (2015: Rs. 46.95/-) on account of Employee State Insurance.

Defined benefit plan:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service as per the provision of the Payment of Gratuity Act, 1972 with total ceiling on gratuity of Rs. 1,000,000/-

The following tables summarize the components of net benefit recognized in the Statement of Profit and Loss and amounts recognized in the Balance Sheet for the respective employee gratuity plans.

a. Statement of Profit and Loss

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Current Year | Previous Year |
|---|----------------|---------------|
| Current Service Cost | 28.75 | 20.61 |
| Interest on Defined Benefit Obligation | 34.12 | 33.96 |
| Expected Return on Plan Assets | (24.51) | (27.27) |
| Net Actuarial Losses | 30.24 | 60.10 |
| Expenses recognized in Statement of Profit and Loss | 68.60 | 87.40 |

b. Reconciliation of Defined Benefit Obligation

| PARTICULARS | As at 31-03-2016 | As at 31-03-2015 |
|---|------------------|------------------|
| Opening Defined benefit Obligation | 445.21 | 432.44 |
| Current Service Cost | 28.75 | 20.61 |
| Interest Cost | 34.12 | 33.96 |
| Actuarial Losses / (Gain) | 23.62 | 86.94 |
| Benefits Paid | (26.94) | (128.74) |
| Closing Defined Benefit Obligation | 504.76 | 445.21 |

TAJGVK HOTELS & RESORTS LIMITED

c. Change in Fair Value of Assets

(All amounts are Rs. in lakhs, unless otherwise stated)

| PARTICULARS | Current Year | Previous Year |
|--|---------------|---------------|
| Opening Fair Value of Plan Assets | 364.38 | 439.02 |
| Expected Return on Plan Assets | 24.51 | 27.27 |
| Actuarial gain / (Losses) | (6.61) | 26.83 |
| Contributions by Employer | - | - |
| Benefits Paid | (26.94) | (128.74) |
| Closing Fair Value of Plan Assets | 355.34 | 364.38 |

d. Amount recognized in Balance Sheet

| PARTICULARS | As at 31-03-2016 | As at 31-03-2015 |
|---|---------------------|---------------------|
| Present Value of Funded Obligations | 504.77 | 445.21 |
| Fair Value of Plan Assets | (355.34) | (364.38) |
| Net Liability recognized in the Balance Sheet | 149.43 | 80.83 |

e. Description of Plan Assets

| PARTICULARS | As at 31-03-2016 | As at 31-03-2015 |
|-----------------------|---------------------|---------------------|
| Insurer Managed Funds | 100% | 100% |

Amounts for the current and previous four years are as follows:

| PARTICULARS | As at 31 March, 16 | As at 31 March, 15 | As at 31 March, 14 | As at 31 March, 13 | As at 31 March, 12 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Defined Benefit Obligation | 504.77 | 445.21 | 432.44 | 421.52 | 432.27 |
| Planned Assets at the end of the period | 355.34 | 364.38 | 439.02 | 430.66 | 401.66 |
| Surplus/(deficit) | (149.43) | (80.83) | 6.58 | 9.14 | (30.61) |
| Experience adjustments on plan liabilities | 17.09 | 50.92 | 18.24 | (17.85) | (35.90) |
| Experience adjustments on plan assets | (6.61) | 26.84 | 9.72 | 15.02 | 10.65 |

The principal assumptions used in determining gratuity and leave benefit obligation in the above plans are as under:

| PARTICULARS | Current Year | Previous Year |
|---------------------------|---|--|
| Discount Rate | 7.85% | 8.05% |
| Expected return on Assets | 8.00% | 7.50% |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ult | Indian Assured Lives Mortality (2006-08) Ult |
| Salary Escalation rate | 5.00% | 5.00% |

The Company's liability towards un-funded leave encashment is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The Defined Benefit Obligation of compensated absence in respect of the employees of the Company as at 31 March 2016 works out to Rs. 97,67,887/-. The discount rate and salary escalation rate is the same as adopted for gratuity liability valuation.

The estimates of future salary increases (which has been set in consultation with the company) takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

24. Corporate Social Responsibility Expenditure

Gross amount required to be spent by the company during the year: Rs.57.29 lacs

| Financial Year | Amount to be spent | Spent during the year | Amount carried forward |
|----------------|--------------------|-----------------------|------------------------|
| 2014-15 | 43.39 | Nil | 43.39 |
| 2015-16 | 13.90 | 57.29 | Nil |

25. In the opinion of the Board of Directors of the company, the current assets, loans and advances are expected to realise in the ordinary course of business approximately the value at which they are stated in accounts.

26. Segmental Reporting:

The Company's only business being hoteliering, disclosure of segment-wise information is not applicable under Accounting Standard (AS) 17 "Segmental Information" notified by the Companies (Accounting Standards) Rules, 2006 (as amended). There is no geographical segment to be reported since all the operations are undertaken in India.

27. Previous Year's figures have been regrouped / rearranged, wherever necessary. Figures in brackets indicates those for previous year.

Per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No. 000513S

S. Satyanarayana Murthy
Partner
M.No.: 023651

Place : Hyderabad
Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy
Chairman
DIN 00005212

Anil P. Goel
Director
DIN 00050690

G Indira Krishna Reddy
Managing Director
DIN 00005230

J. Srinivasa Murthy
CFO & Company Secretary
M No. F4460

CONSOLIDATED FINANCIAL STATEMENTS

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

| S.No | Name of the Joint Venture | Latest audited Balance sheet date | Share of Joint Venture held by the Company on the year end | | | Description of how there is significant influence | Reason why the Joint Venture is not consolidated | Networth attributable to Shareholding as per latest audited Balance Sheet | Profit / Loss for the year | |
|------|--|-----------------------------------|--|---|---------------------|---|--|---|--------------------------------|-------------------------------------|
| | | | No | Amount of Investment in Associates/ Joint Venture | Extend of Holding % | | | | i. Considered in Consolidation | ii. Not Considered in Consolidation |
| 1 | Greenwoods Palaces and Resorts Pvt Ltd | 31.03.2016 | 36,750,000 | 11,025 | 48.99% | Jointly controlled entity | Consolidated | 3116.22 | (482.77) | Nil |

Associates and Joint Ventures

- 1 Names of associates or joint ventures which are yet to commence operations

| S.No. | Name of the Company Address |
|-------|-----------------------------|
| | N.A |

- 2 Names of associates or joint ventures which have been liquidated or sold during the year

| S.No. | Name of the Company Address |
|-------|-----------------------------|
| | N.A |

By Order and on behalf of the Board

Place: Hyderabad
Date: 13th May, 2016

Dr. GVK Reddy
Chairman
DIN 00005212

INDEPENDENT AUDITOR'S REPORT

To the TAJ GVK Hotels & Resorts Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of TAJ GVK Hotels & Resorts Limited (hereinafter referred to as "the Holding Company"), and its jointly controlled entity (refer Note [2] to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including jointly controlled entity in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) and (b) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the jointly controlled entities as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

6. Without qualifying our report, we draw attention to Note No: 19 to financial statements. The Holding company has paid minimum remuneration to its Managing Director and Executive Director as per the terms of appointment approved by the shareholders. Such remuneration paid is in excess of the limits laid down in Schedule V to the Companies Act, 2013. The Company is in the process of applying to the Central Government for its approval.

Report on Other Legal and Regulatory Requirements

7. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- We/ the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors, of its subsidiary companies, and jointly controlled entity incorporated in India, none of the directors of the Group's companies and jointly controlled entity incorporated in India are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, and jointly controlled entity incorporated in India, refer to our separate report in "Annexure 1" to this report;
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the jointly controlled entity – Refer Note 17 to the consolidated financial statements.
 - The Holding company and the jointly controlled entity did not have any material foreseeable losses in long-term contracts as at March 31, 2016. The Holding company jointly controlled entity did not have any derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group and jointly controlled entity incorporated in India during the year ended March 31, 2016.

For BRAHMAYYA & CO.,
Chartered Accountants
ICAI Registration No:0005135

S.Satyanarayana Murthy
Partner
Membership No:023651

Place: Hyderabad
Date : 13th May, 2016

Annexure 1 to the Independent Auditor's report of even date on the consolidated financial statements of TAJ GVK Hotels & Resorts Limited

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

To the Members of TAJ GVK Hotels & Resorts Limited

1. In conjunction with our audit of the consolidated financial statements of TAJ GVK Hotels & Resorts Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of TAJ GVK Hotels & Resorts Limited (hereinafter referred to as the "Holding Company"), its jointly controlled entity, which are companies incorporated in India, as of that date.
2. The respective Board of Directors of the of the Holding Company and jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.
3. Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of

their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For BRAHMAYYA & CO.,
Chartered Accountants
ICAI Registration No:0005135

S.Satyanarayana Murthy
Partner
Membership No:023651

Place: Hyderabad
Date : 13th May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31.03.2016

(Rs.in lakhs)

| PARTICULARS | NOTE | As at Mar 31, 2016 |
|-----------------------------------|------|--------------------|
| I. EQUITY AND LIABILITIES | | |
| 1 Shareholders' funds | | |
| (a) Share capital | 1 | 1,254.03 |
| (b) Reserves and surplus | 2 | 33,433.38 |
| | | 34,687.41 |
| 2 Non-current liabilities | | |
| (a) Long-term borrowings | 3 | 36,266.84 |
| (b) Deferred tax liability (Net) | 15 | 4,779.81 |
| (c) Other Long term liabilities | 3 | 422.67 |
| (d) Long-term provisions | 3 | 303.31 |
| | | 41,772.63 |
| 3 Current liabilities | | |
| (a) Short-term borrowings | 4 | 251.21 |
| (b) Trade payables | 20 | 4,208.67 |
| (c) Other current liabilities | 4 | 3,746.34 |
| (d) Short-term provisions | 4 | 301.86 |
| | | 8,508.08 |
| TOTAL | | 84,968.12 |
| II. ASSETS | | |
| 1 Non-current assets | | |
| (a) Fixed assets | 5 | |
| (i) Tangible assets | | 54,491.85 |
| (ii) Intangible assets | | 496.39 |
| (iii) Capital work-in-progress | | 5,778.34 |
| (b) Goodwill on consolidation | | 7,350.26 |
| (c) Non-current investments | 6 | 1.80 |
| (d) Long-term loans and advances | 7 | 12,663.59 |
| (e) Other non-current assets | 8 | 123.94 |
| | | 80,906.17 |
| 2 Current assets | | |
| (a) Inventories | 9 | 842.53 |
| (b) Trade receivables | 9 | 1,345.99 |
| (c) Cash and bank balances | 9 | 358.75 |
| (d) Short-term loans and advances | 9 | 1,356.88 |
| (e) Other current assets | 9 | 157.80 |
| | | 4,061.95 |
| TOTAL | | 84,968.12 |

Summary of significant accounting policies

The accompanying notes form an integral part of the Consolidated Balance Sheet

Per our report of even date

For **BRAHMAYYA & CO.,**

Chartered Accountants

Firm Regn No. 000513S

S. Satyanarayana Murthy

Partner

M.No.: 023651

Place : Hyderabad

Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy

Chairman

DIN 00005212

Anil P. Goel

Director

DIN 00050690

G Indira Krishna Reddy

Managing Director

DIN 00005230

J. Srinivasa Murthy

CFO & Company Secretary

M No. F4460

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2016
(Rs.in lakhs)

| PARTICULARS | NOTE | Current Year 31.03.2016 |
|--|------|----------------------------|
| INCOME | 10 | |
| I. Revenue from operations | | 27,533.15 |
| II. Other income | | 370.43 |
| III. TOTAL Income (I + II) | | 27,903.58 |
| IV. EXPENSES | | |
| Employee Benefits Expense | 11 | 5,945.16 |
| Food & Beverages Consumed | 12 | 3,257.32 |
| Finance Costs | 13 | 3,306.95 |
| Depreciation and amortization expense | | 2,006.05 |
| Other operating and general expenses | 14 | 12,030.30 |
| TOTAL Expenses | | 26,545.78 |
| V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV) | | 1,357.80 |
| VI. Exceptional items | 16 | (340.74) |
| VII Profit / (Loss) before tax (V- VI) | | 1,017.06 |
| VIII Tax expense: | | |
| i) Current tax | 15 | 340.00 |
| ii) MAT Credit Entitlement | | (340.00) |
| iii) Deferred tax | | 634.93 |
| iv) Short Provision of Tax of earlier years (Net) | | 22.84 |
| TOTAL Taxes | | 657.77 |
| IX Profit/(Loss) after tax (VII-VIII) | | 359.29 |
| Summary of significant accounting policies | | |
| The accompanying notes form an integral part of the Consolidated Statement of Profit and Loss | | |
| Earnings Per Share: | | |
| Profit after tax | | 359.29 |
| No.of equity shares of Rs. 2/-each | | 627.01 |
| Basic and Diluted | | 0.57 |

Per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No. 000513S

S. Satyanarayana Murthy
Partner
M.No.: 023651

Place : Hyderabad
Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy
Chairman
DIN 00005212

Anil P. Goel
Director
DIN 00050690

G Indira Krishna Reddy
Managing Director
DIN 00005230

J. Srinivasa Murthy
CFO & Company Secretary
M No. F4460

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Rs.in lakhs)

| PARTICULARS | Current Year | |
|--|--------------|-----------------|
| A NET PROFIT BEFORE TAX | | 1,017.07 |
| Adjustments for : | | |
| Depreciation | 2,006.03 | |
| Miscellaneous Expenditure Written off | 15.00 | |
| Loss on sale of assets | 3.48 | |
| Profit on sale of assets | (0.96) | |
| Bad debts written off | 13.09 | |
| Provision for Bad & Doubtful Debts | 65.70 | |
| Extra-ordinary / Prior period items written off | 340.74 | |
| Provision for bad & doubtful debts credited back | (56.60) | |
| Interest expenses | 3,306.95 | |
| Interest earned | (168.34) | |
| | | 5,525.09 |
| Operating Profit before working capital changes | | 6,542.16 |
| Adjustments for : | | |
| Trade and other receivables | (104.16) | |
| Inventories | (37.47) | |
| Long term and Short term Loans and advances | (106.62) | |
| Other Current Liabilities | 342.34 | |
| Long term and Short term Provisions | 132.92 | |
| Trade payables | 599.70 | |
| Cash generated from operations | | 826.71 |
| Taxes paid | | 422.75 |
| Cash flow before extraordinary/prior period items | | 6,946.12 |
| Extraordinary / Prior Period items | | (340.74) |
| NET CASH IN FLOW FROM OPERATING ACTIVITIES | | 6,605.38 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets /addition to CWIP | (5,741.41) | |
| Interest Received | 106.01 | |
| Sale of Fixed Assets | 10.88 | |
| Purchase of Investments | 0.00 | |
| NET CASH OUT FLOW FROM INVESTING ACTIVITIES | | (5,624.52) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term loans raised | 2,433.33 | |
| Long term loans (repaid) | 0.00 | |
| Short term loans raised / (repaid) | 0.00 | |
| Working capital borrowings | (1,370.12) | |
| Long term deposits paid back | 13.73 | |
| Interest paid | (3,112.65) | |
| Fixed deposits created | (194.30) | |
| Dividend paid | 0.00 | |
| Taxes on dividend paid | 0.00 | |
| NET CASH OUT FLOW FROM FINANCING ACTIVITIES | | (2,230.01) |
| Net increase in cash and cash equivalent | | (1,249.15) |
| Cash and Cash equivalents as at beginning of the year | | 1,607.90 |
| Cash and Cash equivalents as at end of the year | | 358.75 |

Per our report of even date

For **BRAHMAYYA & CO.,**

Chartered Accountants

Firm Regn No. 000513S

S. Satyanarayana Murthy

Partner

M.No.: 023651

Place : Hyderabad

Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy

Chairman

DIN 00005212

Anil P. Goel

Director

DIN 00050690

G Indira Krishna Reddy

Managing Director

DIN 00005230

J. Srinivasa Murthy

CFO & Company Secretary

M No. F4460

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. General information

TAJGVK Hotels & Resorts Limited ("TAJGVK" / "the Company") is joint venture between the GVK Group and Indian Hotels Company Limited and was incorporated on 02nd February, 1995 in state of Andhra Pradesh, India.

The Company is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts with the brand name of "TAJ".

2. Principles of Consolidation

i) The Consolidated financial statements have been prepared on the following basis:

The Consolidated financial statements comprise of the financial statement of TAJGVK Hotels and Resorts Ltd (herein after referred to as "the Company" and a Joint Venture Company (herein after referred to as "the JV").

| Names of the Joint Venture | Country of incorporation | As at 31 March 2016 |
|--|--------------------------|---------------------|
| Greenwoods Palaces and Resorts Pvt Ltd | India | 48.99% |

ii) The financial statement of a Joint Venture Company have been consolidated using proportionate consolidation method and accordingly, venturer share of each assets, liabilities, income and expenses of jointly control entity is reported as separate line items in the consolidated financial statement.

a) Summary of Significant Group Accounting Policies

i. Basis of preparation of financial statements:

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act), read with rule 7 of The companies (Accounts) Rule, 2014, as amended vide the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the services rendered and their realisation in cash and cash equivalents, the Company has ascertained its

operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

ii. Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

iii. Exceptional and Extraordinary Items

a. Exceptional Items: Items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.

b. Extraordinary Items: Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly.

iv. Revenue Recognition:

a. Income from guest accommodation is recognised on a day to day basis after the guest checks into the Hotels. Income from Food and Beverages are recognised at the point of serving these items to the guests. Income stated is exclusive of taxes collected. Rebates and discounts granted to customers are reduced from revenue.

b. Shop rentals are recognized on accrual basis.

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

d. Insurance claims are recognized as and when they are settled / admitted.

v. Inventories:

Inventories are valued at lower of cost, ascertained at Weighted Average Method, or realizable value.

vi. Fixed Assets:

- a. Fixed assets are stated at cost, net of credit availed in respect of any taxes, duties less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the construction cost to the extent such expenditure is related to construction or is incidental thereto.

Direct expenditure during construction period attributable to the cost of assets under construction is considered as capital work in progress and indirect expenditure is included under expenditure during construction period pending allocation.

- b. Intangible assets are carried at cost, net of credit availed in respect of any taxes and duties, less accumulated amortization. Computer software is classified under "Intangible Assets".
- c. Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance.

vii. Depreciation and Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been re-assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| | |
|--|------------------|
| Plant and machinery | : 10 to 20 years |
| Electrical installations and equipment | : 20 years |
| Hotel Wooden Furniture | : 15 years |
| End User devices- Computers, Laptops, etc | : 6 years |
| In respect of Leasehold land, depreciation is provided | |

from the date land is put to use for commercial operations, over the balance period of the lease. The renewal of these leases is considered as certain in view of past experience for the purpose of depreciation of building on leased property. In respect of improvements to buildings, depreciation is provided based on estimated useful life.

Intangible assets with finite lives are amortised over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out once a year. The rates currently used for amortising intangible assets are as under:

| | |
|---|------------|
| Website Development Cost | : 5 years |
| Cost of Customer Reservation System (including licensed software) | : 6 years |
| Service & Operating Rights | : 10 years |

viii. Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of assets over the lease term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

ix. Foreign Exchange Transactions:

- a. Initial recognition: Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.
- b. Conversion: Foreign currency monetary items are reported at the exchange rates on Balance Sheet date.
- c. Exchange Difference: Exchange differences arising on the settlement of monetary items, on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise. Foreign currency assets / liabilities are restated at the rates prevailing at the year end and the gain / loss arising out of such restatement is taken to revenue.

x. Investments:

Investments that are readily realisable and are intended to be held for not more than one year from the date of such investment are classified as current investments. All other investments are classified as non-current.

Current investments are stated at lower of cost and fair value. Non-current Investments are valued at cost of

acquisition including related expenses. Provision is made for diminution in the value of investments, if any, if such decline is other than temporary.

xi. Unamortised Expenses:

Payment on assignment of Taj Banjara hotel lease is being written off over the remaining period of the lease.

xii. Retirement Benefits:

a. Defined Contribution Plan:

Company's contribution towards Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

b. Defined Benefit Plan:

Gratuity to employees is covered under Group Gratuity Life Assurance Scheme. At the reporting date, Company's liability towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognized in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

At the reporting date, Company's liability towards compensated absences is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognized in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

xiii. Borrowing Costs:

General and specific borrowing costs directly attributable to the acquisition, construction of qualifying assets, which take a substantial period of time to get ready for their

intended use, initially carried under expenditure incurred during the construction period are added to the cost of those assets, till such time the assets are substantially ready for their intended use.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

xiv. Taxes on income:

Tax expense comprising of current tax and deferred tax are considered in the determination of the net profit or loss for the year.

a. Current tax: Provision for current tax is made for Income-tax liability estimated to arise on the profit for the year at the current rate of tax in accordance with the Income-tax Act, 1961.

b. Deferred Tax: In accordance with the Accounting Standard (AS) 22 "Accounting for taxes on income" the company has recognised the deferred tax liability / asset in the accounts. Deferred tax reflects the impact of timing differences between taxable income and accounting income. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax asset is recognised only to the extent there is virtual certainty that sufficient taxable income will be available in future against which such deferred tax asset can be realized.

c. Minimum alternate tax (MAT) credit: MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal tax within the specified period and the MAT credit available can be utilised. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down if considered not recoverable within the specified period.

xv. Earnings per share:

a. Basic earnings per share: Basic earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity share holders by weighted average number of equity shares outstanding during the period.

b. Diluted earnings per share: Diluted earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

xvi. Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If

any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

xvii. **Provisions and Contingencies:**

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.

| (Rs. in lakhs) | |
|---|-------------------------|
| PARTICULARS | As at March 31, 2016 |
| NOTE 1: SHARE CAPITAL | |
| 1 Authorised Share capital | |
| Equity Shares 170500000 (170500000) Equity Shares of Rs. 2/- each | 3,410.00 |
| 2 Issued, Subscribed and Paid up | |
| Equity Shares 62701495 (62701495) Equity Shares of Rs. 2/- each fully paid-up | 1,254.03 |
| | 1,254.03 |

i) Reconciliation of Ordinary shares :

| PARTICULARS | No. of share | As at March 31, 2016 |
|---|-----------------|-------------------------|
| Shares outstanding at the beginning of the year | 6,27,01,495 | 1,254.03 |
| Add : Shares Issued during the year | - | - |
| Shares outstanding at the end of the year | 6,27,01,495 | 1,254.03 |

ii) Shareholders holding more than 5% Equity Shares in the Company

| Name of Shareholder | As at March 31, 2016 | |
|-----------------------------------|-----------------------|-----------------|
| | No. of Shares held | % of Holding |
| G Indira Krishna Reddy | 37,62,966 | 6.00 |
| GVK Reddy | 38,05,981 | 6.07 |
| Shalini Bhupal | 1,17,25,180 | 18.70 |
| Krishnaram Bhupal | 1,17,23,679 | 18.70 |
| The Indian Hotels Company Limited | 1,60,00,000 | 25.52 |

iii) Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of ₹2 per share. Equity shares are attached with one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after discharging all preferential creditors, in proportion to their shareholding.

NOTE 2 : RESERVES AND SURPLUS (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 | | | |
|--|-----------------------------|--------------|-----------|-----------------------------|
| | Balance as at 01.04.2015 | Additions | Deletions | Balance as at 31.03.2016 |
| 1. Capital Reserve | 3,469.30 | - | - | 3,469.30 |
| 2. Securities Premium Account | 3,132.00 | - | - | 3,132.00 |
| 3. General Reserve | 7,100.00 | - | - | 7,100.00 |
| 4. Surplus in Statement of Profit and Loss | | | | |
| Opening balance | | | | |
| As at April 1, 2015 | 19,674.66 | - | - | 19,674.66 |
| Add : Net Profit/ (Net Loss) | | | | |
| For the current year | - | 359.29 | - | 359.29 |
| Less : Proposed Dividend | - | (250.81) | - | (250.81) |
| Less : Tax on Proposed Dividend | - | (51.06) | - | (51.06) |
| Less : Transfer to Reserves | - | - | - | - |
| As at Mar 31, 2016 | 19,674.66 | 57.42 | - | 19,732.08 |
| TOTAL | 33,375.96 | 57.42 | - | 33,433.38 |

NOTE 3 : NON-CURRENT LIABILITIES
Long Term Borrowings (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|-------------------------------------|-------------------------|
| Secured term loans from: | |
| Banks | 36,266.84 |
| TOTAL Non-current Borrowings | 36,266.84 |

Details of current and non current component of long term borrowing

| PARTICULARS | As at March 31, 2016 | | |
|--------------|----------------------|-----------------|------------------|
| | Non-Current | Current | Total |
| Term loans | 36,266.84 | 1,690.89 | 37,957.73 |
| TOTAL | 36,266.84 | 1,690.89 | 37,957.73 |

i) Term Loans from Banks:

- (a) Rs.15,000.00 lacs from HDFC Bank Ltd secured by first charge on all assets of Taj Chandigarh, Chandigarh repayable in 32 equal quarterly instalments with a moratorium of 2 years from date of disbursement, at an interest rate of 10.90% p.a
- (b) Rs.11,934.98 lacs from AXIS Bank Ltd secured by first charge on all assets of Taj Club House, Chennai and second charge on current assets of the company, repayable in 26 unequal quarterly instalments with a moratorium of 2.5 years from date of first disbursement, at an interest rate of 11.25% p.a
- (c) Rs. 4899.00 lacs from Central Bank of India, Rs. 3674.25 lacs from Corporation Bank and Rs. 2449.50 lacs from State bank of Hyderabad at an interest rate of 12.50% p.a. repayable in 45 unequal quarterly instalments commencing from 01st of January, 2017 and secured by the following:
 - (i) first charge by way of hypothecation of the all moveable assets, present and future, purchased out of the proceeds of the loan;
 - (ii) first charge on all the amounts lying in certain designated bank accounts, including charge on all moneys, receivables and cash in hand in the escrow account;
 - (iii) first charge on all the current assets in relation to the Terminal 1C Hotel project;
 - (iv) first charge by way of assignment of all the rights, title and interests of the Company in, to and under all assets of the project and all project documents and all other contracts relating to the project, to which the Company is a party.

Other Long Term Liabilities

| PARTICULARS | As at March 31, 2016 |
|---|-------------------------|
| (a) Deposits | 111.19 |
| (b) Creditors for Capital Goods and retention money | 311.48 |
| TOTAL | 422.67 |

Long Term Provisions

| PARTICULARS | As at March 31, 2016 |
|--|-------------------------|
| Provision for employee benefits | |
| Gratuity | 136.59 |
| Leave Encashment | 166.72 |
| TOTAL | 303.31 |

NOTE 4 : CURRENT LIABILITIES
Short Term Borrowings (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|--------------------------------------|-------------------------|
| (a) Loans repayable on demand | |
| From Bank | |
| Secured | 251.21 |
| TOTAL | 251.21 |

i) Secured loans:

Bank overdraft Rs. 251.21 lacs from AXIS Bank Ltd and IDBI Bank Ltd are secured as under:

AXIS Bank: First charge on current assets of the company ranking pari-passu with IDBI Bank and second charge on fixed assets of Taj Club House.

IDBI Bank: First charge on current assets of the company ranking pari-passu with Axis Bank.

Other Current Liabilities

| PARTICULARS | As at March 31, 2016 |
|--|-------------------------|
| (a) Current maturities of long-term debt | 1,690.89 |
| (b) Creditors for capital goods | 597.13 |
| (c) Income received in advance | 429.94 |
| (d) Unpaid dividends | 103.89 |
| (e) Other Liabilities | 924.49 |
| TOTAL | 3,746.34 |

Short Term Provisions

| PARTICULARS | As at March 31, 2016 |
|-----------------------|-------------------------|
| (a) Proposed Dividend | 250.81 |
| (b) Tax on Dividend | 51.05 |
| TOTAL | 301.86 |

NOTE 5 : FIXED ASSETS

(Rs. in lakhs))

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---------------------------------------|------------------|------------------|---------------|------------------|------------------|-----------------|---------------|------------------|------------------|
| | As at 31.03.2015 | Additions | Deductions | As at 31.03.2016 | Upto 31.03.2015 | For the year | Deductions | Upto 31.03.2016 | As at 31.03.2016 |
| TANGIBLE ASSETS | | | | | | | | | |
| 1. Freehold Land | 4,244.11 | - | - | 4,244.11 | - | - | - | - | 4,244.11 |
| 2. Leasehold Land | 189.18 | - | - | 189.18 | 43.26 | 6.60 | - | 49.86 | 139.32 |
| 3. Buildings | | | | | | | | | |
| a Hotel Building | 25,968.05 | 5,549.74 | - | 31,517.79 | 7,312.64 | 412.44 | - | 7,725.08 | 23,792.71 |
| b Improvements to leasehold buildings | 7,176.99 | 3,879.08 | - | 11,056.07 | 402.27 | 166.81 | - | 569.07 | 10,487.00 |
| 4. Plant & Machinery | 17,406.61 | 4,226.29 | 151.99 | 21,480.91 | 8,171.48 | 1,038.68 | 142.36 | 9,067.80 | 12,413.12 |
| 5. Furniture & Fixtures | | | | | | | | | |
| a Hotel Furniture and Fixtures | 5,982.37 | 1,946.66 | 14.60 | 7,914.44 | 4,707.75 | 230.78 | 13.87 | 4,924.65 | 2,989.79 |
| 6 Office Equipments | 1,125.43 | 279.52 | 0.91 | 1,404.03 | 976.91 | 68.93 | 0.31 | 1,045.53 | 358.50 |
| 7 Vehicles | | | | | | | | | |
| a Cars | 290.13 | - | 6.53 | 283.60 | 188.41 | 31.96 | 4.07 | 216.29 | 67.32 |
| TANGIBLE ASSETS Total | 62,382.87 | 15,881.29 | 174.03 | 78,090.13 | 21,802.72 | 1,956.20 | 160.61 | 23,598.28 | 54,491.87 |
| Less: Internal Transfers | | 2.47 | 2.47 | | | (0.65) | | | |
| Total | 62,382.87 | 15,878.82 | 171.56 | 78,090.13 | 21,802.72 | 1,956.20 | 160.61 | 23,598.28 | 54,491.87 |
| INTANGIBLE ASSETS | | | | | | | | | |
| 8 Lease Agreement | | | | | | | | | |
| Stamp Duty | 307.46 | | | 307.46 | | 4.30 | | 4.31 | 303.14 |
| 9 Software Systems | 287.21 | 50.93 | - | 338.13 | 99.97 | 44.91 | - | 144.89 | 193.25 |
| INTANGIBLE ASSETS Total | 594.67 | 50.93 | - | 645.59 | 99.97 | 49.21 | - | 149.20 | 496.39 |
| Total | 62,977.54 | 15,929.75 | 171.56 | 78,735.72 | 21,902.69 | 2,006.04 | 161.28 | 23,747.48 | 54,988.26 |
| 16 Capital Work - In - Progress | | | | 5,778.34 | | | | | 5,778.34 |
| TOTAL | | | | 84,514.06 | 21,902.69 | 2,006.04 | 161.28 | 23,747.48 | 60,766.60 |

Note: 1) Hotel Taj Chandigarh is constructed on land taken on lease for 99 years.
 2) Vivanta by Taj - Begumpet, Hyderabad is on land and superstructure taken on lease for 60 years, extendable by further period of 30 years.
 3) Taj Santacruz Hotel, Mumbai is on land and superstructure taken on lease for 20 years. The term may be extended for further period of 30 years on same terms and conditions, subject to terms and conditions of OMDA

NOTE 6 : NON- CURRENT INVESTMENTS

(Rs. in lakhs))

| 1). LONG TERM | As at March 31, 2016 | | | | |
|---|----------------------|---------------|-------------|-----------|-------------|
| | Type of Investment | No. of Shares | Gross Cost | Provision | Net Cost |
| INVESTMENT IN GROUP COMPANIES - TRADE - UNQUOTED | | | | | |
| NON-TRADE INVESTMENT, UNQUOTED | | | | | |
| Green Infra Windfarms Limited (fully paid) | Equity | 18,000 | 1.80 | - | 1.80 |
| TOTAL | | | 1.80 | - | 1.80 |

i) Non-Trade Unquoted Investment was made in a company with which the Company entered into a power purchase agreement for supply of 3 million units of power or 5.65% of its actual generation whichever is less in order to comply with regulatory requirement for supply of such power.

NOTE 7 : LONG TERM LOANS AND ADVANCES
Long Term Loans and Advances (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|------------------------------------|-------------------------|
| Unsecured, considered good | |
| (a) Capital Advances | 7,172.32 |
| (b) Deposits - Others | 1,693.15 |
| (c) Deposits with Banks | 859.88 |
| (d) Advance Tax (net of provision) | 1,218.14 |
| (e) Minimum Alternate Tax Credit | 1,705.00 |
| (f) Other loans and advances | 15.10 |
| TOTAL | 12,663.59 |

NOTE 8 : OTHER NON CURRENT ASSETS (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|---------------------------------|-------------------------|
| Other non current assets | |
| Unamortized expenditure | 41.25 |
| Interest receivable | 82.69 |
| TOTAL | 123.94 |

NOTE 9 : CURRENT ASSETS (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|----------------------------------|-------------------------|
| Inventories | |
| a) Stores and Operating Supplies | 335.77 |
| b) Food and Beverages | 506.76 |
| TOTAL | 842.53 |

Trade receivables (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|---|-------------------------|
| Outstanding over six months from the date they are due for payment: | |
| Unsecured, considered good | 208.25 |
| Unsecured, considered doubtful | 67.76 |
| Less: Provision for doubtful debts | 67.76 |
| | 208.25 |
| Others: | |
| Unsecured, considered good | 1,137.74 |
| | 1,137.74 |
| TOTAL | 1,345.99 |

Cash and Bank Balances

| PARTICULARS | As at March 31, 2016 |
|--|-------------------------|
| Cash and Cash equivalents : | |
| Cash on Hand | 20.71 |
| Current Accounts with banks | 136.17 |
| TOTAL | 156.88 |
| Balances with Banks Others : | |
| Call and Short Term Deposit Accounts (less than 3 months) | 97.98 |
| Earmarked balances with banks on account of unclaimed dividend | 103.89 |
| | 201.87 |
| TOTAL | 358.75 |

Short-term loans and advances

| PARTICULARS | As at March 31, 2016 |
|--|-------------------------|
| Unsecured considered good: | |
| a. Deposits with Public Bodies and Others | 41.91 |
| b. Other advances recoverable in cash or in kind | 1,314.97 |
| TOTAL | 1,356.88 |

Other Current Assets

| PARTICULARS | As at March 31, 2016 |
|----------------------|-------------------------|
| Unbilled receivables | 132.92 |
| Unamortized expenses | 15.00 |
| Interest receivable | 9.88 |
| TOTAL | 157.80 |

TAJGVK HOTELS & RESORTS LIMITED

NOTE 10 : INCOME

(Rs. in lakhs)

| PARTICULARS | Current year |
|--|--------------|
| Revenue from operations | |
| I) Rooms, Restaurants, Banquets and Other Services (net of duties) | 27,533.15 |
| II) Other Income | |
| (a) Surplus on sale of fixed assets | 0.96 |
| (b) Interest Income | 168.34 |
| (c) Miscellaneous Income | 189.38 |
| (d) Exchange gain / (loss) on foreign currency transaction & translation (net) | 11.75 |
| Sub-total | 370.43 |
| TOTAL | 27,903.58 |

NOTE 11 : EMPLOYEE BENEFITS EXPENSES

(Rs. in lakhs)

| PARTICULARS | Current year |
|---|--------------|
| (i) Salaries, Wages, Bonus etc. | 3,614.48 |
| (ii) Company's Contribution to Retirement Funds & Other Funds | 294.52 |
| (iii) Reimbursement of Expenses on Personnel Deputed to the Company | 855.04 |
| (iv) Payment to Contractors / Outsourced Labour | 500.89 |
| (v) Workmen / Staff Welfare Expenses | 680.23 |
| TOTAL | 5,945.16 |

NOTE 12 : FOOD & BEVERAGES CONSUMED

(Rs. in lakhs)

| PARTICULARS | Current year |
|--------------------------------|--------------|
| Food & Beverages Consumed | 3,257.32 |
| NOTE 13 : FINANCE COST | |
| Finance cost | |
| Interest expenses | 4,551.51 |
| Less: Interest Capitalized | 1,244.56 |
| TOTAL Interest Expenses | 3,306.95 |

NOTE 14 : OPERATING AND GENERAL EXPENSES

(Rs. in lakhs)

| PARTICULARS | Current year |
|---|--------------|
| a) Operating Expenses | |
| Linen and Room Supplies | 877.51 |
| Catering Supplies | 303.67 |
| Other Supplies | 24.67 |
| Fuel, Power and Light | 3,009.31 |
| Repairs to Buildings | 355.26 |
| Repairs to Machinery | 660.30 |
| Repairs to Others | 108.71 |
| Payment to Security contractor & Artistes | 428.27 |
| Guest Transportation | 163.52 |
| Travel Agent's Commission | 200.99 |
| Collecting Agent's Commission | 262.17 |
| Sub - Total | 6,394.38 |
| b) General Expenses | |
| Rent | 398.59 |
| License Fees | 688.97 |
| Rates & Taxes | 808.59 |
| Insurance | 82.61 |
| Advertisement and Publicity | 666.85 |
| Printing and Stationery | 133.67 |
| Passage and Traveling | 54.67 |
| Provision for Doubtful Debts | 65.70 |
| Bad debts and advances written off | 13.09 |
| Professional Fees | 135.62 |
| Loss on Sale of Fixed Assets | 3.48 |
| Donation | 31.00 |
| Operating and Management fees | 1,216.54 |
| CSR Expenses | 57.29 |
| Auditors' Remuneration | |
| i. As Auditors | 20.78 |
| ii. For Taxation Audit | 3.55 |
| iii. For certification | 0.10 |
| Directors' Sitting Fees | 10.82 |
| Amortized expenses | 15.00 |
| Other Expenses | 1,229.00 |
| Sub -total | 5,635.92 |
| TOTAL | 12,030.30 |

NOTE 15 : DETAILS OF TAXATION
a) Summary of Taxes charged during the year in the Profit & Loss A/c (Rs. in lakhs)

| PARTICULARS | As at March 31, 2016 |
|---|-------------------------|
| Current Tax | 340.00 |
| Minimum Alternate Tax Credit Entitlement | (340.00) |
| Tax for earlier years | 22.84 |
| Deferred Tax Debit/(Credit) | 634.93 |
| TOTAL Debit/(Credit) to Statement of Profit & Loss | 657.77 |

b) Deferred Tax Asset/Liability as at Mar 31, 2016

In accordance with Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax liability up to 31.03.2016 comprising of the following components

| PARTICULARS | As at March 31, 2016 |
|--|-------------------------|
| Deferred Tax Liability | |
| Timing difference on Depreciation on Fixed Assets | 5,099.12 |
| TOTAL | 5,099.12 |
| Deferred Tax Assets | |
| Provision for Doubtful Debts | 23.45 |
| Employee Benefits | 82.19 |
| Loss on account of unabsorbed depreciation of Taj Santacruz | 213.67 |
| TOTAL | 319.31 |
| Net Deferred Tax Liability/Asset | 4,779.81 |

NOTE 16 : EXCEPTIONAL ITEMS
(Rs. in lakhs)

| PARTICULARS | Current year |
|---|---------------|
| Pre-opening Expenses of Taj Santacruz written off on start of operations | 340.74 |
| TOTAL | 340.74 |

17. Commitments and Contingent liabilities not provided for in respect of:

Commitments

Estimated amount of contracts remaining to be executed on capital account ₹434.09 Lacs

Contingent liabilities not provided for in respect of

| PARTICULARS | As at 31-03-2016 (Rs. in lakhs) |
|--|---------------------------------------|
| Sales tax matters | 388.02 |
| Income tax matters | 325.68 |
| Service tax matters | 2490.88 |
| Probable customs duty payable on the Equipment Imported under Export | |
| Promotion Capital Goods Scheme | 5.85 |
| Bank Guarantees – Others | 905.39 |

18. Deposits recoverable under Loans and Advances include the following amounts paid under protest:

- i) Rs.101.99 lacs paid under the VAT Act pertaining to financial years 2005-06 to 2012-13.
- ii) Rs.254.79 lacs paid under the Income Tax Act pertaining to financial years 2002-03 and 2005-06.

19. Due to inadequacy of the profits the remuneration paid to the Managing Director and the Executive Director is in excess of the limits specified under Sections 197 and 198 of the Companies Act, 2013, aggregating to Rs.189.48 lacs and Rs.81.11 lacs respectively. Company is in the process of submitting an application to the Central Government for approval of the excess remuneration paid to the Managing Director and Executive Director as per the terms of their appointment. The Company is placing the requisite resolution for approval of shareholders at the ensuing Annual General Meeting.

- 20. i)** Disclosure of Trade Payables under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”.
- ii)** Details of total outstanding dues to Micro and Small Enterprises as per MSMED Act, 2006:

| PARTICULARS | As at 31-03-2016 (Rs. in lakhs) |
|---|---------------------------------------|
| The principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year | 12.14 |
| The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amounts of payments made to the supplier beyond the appointed day | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - |
| The amount of interest accrued and remaining unpaid at the end of the year | - |
| The amount of further interest remaining due and payable in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under MSMED Act, 2006 | - |

21. Additional information pursuant to provisions of Clause 5 of Part II of Schedule III of the Companies Act 2013.
i) Income from Guest Accommodation, Restaurants etc

| PARTICULARS | Current Year (Rs. in lakhs) |
|----------------------------|--|
| Guest Accommodation | 13259.27 |
| Food, Beverages and others | 11070.23 |
| Liquor & Wines | 2077.82 |
| Telephones | 110.49 |
| Other Operating Income | 1015.34 |
| Other Income | 370.43 |
| TOTAL | 27903.58 |

ii) Consumption of Provisions, Stores and Wines

| PARTICULARS | Opening Stock | Purchases | Consumption | Closing Stock |
|--|----------------------|------------------|--------------------|----------------------|
| Provisions & Stores, Beverages other than Liquor, Beer & Wines | 285.47 | 2855.97 | 2660.97 | 480.47 |
| Liquor, Beer & Wines | 285.09 | 673.32 | 596.35 | 362.06 |
| TOTAL | 570.56 | 3529.29 | 3257.32 | 842.53 |

iii) Transactions in Foreign Currency
a) Earnings in Foreign Exchange Rs. 3910.77 Lacs

As reported by The Company to the Ministry of Tourism / Government of India and as certified by the Management but not verified by the auditors

b) Expenditure in foreign currency:

| PARTICULARS | Current Year (Rs. in lakhs) |
|--------------------|--|
| Capital Goods | 398.13 |
| Consultancy | 60.57 |
| Others | 201.79 |
| TOTAL | 660.49 |

iv) Consumption of raw materials (provisions, stores & wines)

| PARTICULARS | Current Year | |
|--------------------|---------------------|---------------|
| | Rs. in lacs | % |
| Imported | 234.71 | 7.20 |
| Indigenous | 3022.61 | 92.80 |
| TOTAL | 3257.32 | 100.00 |

22. Related Parties Disclosure

Disclosures as required under Accounting Standard (AS) 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

a. Key Managerial personnel:

| Name of the Related Party | Relationship |
|----------------------------------|---------------------|
| Smt.G.Indira Krishna Reddy | Managing Director |

b. Other related parties:

| Name of the Related Party | Relationship |
|---|---------------------------|
| Sri G.V.Krishna Reddy | Chairman |
| Smt.Shalini Bhupal | Executive Director |
| Green Woods Palaces and Resorts Pvt Ltd | Jointly controlled entity |
| The Indian Hotels Company Limited | Joint Venturer |

c. Companies/Firms/Trust in which the key management and their relatives are interested:

| | |
|---|--|
| Accura Constructions (P) Ltd | GVK Power (Goindwal Sahib) Ltd (*) |
| Accura Estates (P) Ltd | GVK Properties & Management Co.(P) Ltd |
| Amtran Constructions (P) Ltd | GVK Projects & Technical Services Ltd. (*) |
| Bengaluru Airport & Infrastructure Developers Pvt.Ltd | GVK Technical Consultancy Services (P) Ltd (*) |
| Bengaluru International Airport Ltd (*) | GVK Ratle Hydro Electric Project Pvt Ltd (*) |
| Bonanza Real Estates (P) Ltd | Innovative Land Holdings (P) Ltd |
| Cygnus Real Estates (P) Ltd | Inogent Laboratories (P) Ltd (*) |
| Eagle Land Holdings (P) Ltd | GVK EMRI (*) |
| GVK Gautami Power Ltd (*) | Mallikarjuna Estates (P) Ltd |
| Goldgreen Land Holdings (P) Ltd | Mallikarjuna Finance (P) Ltd |
| Greenwoods Palaces & Resorts (P) Ltd | Marriot Land Holdings (P) Ltd |
| Greenridge Hotels & Resorts LLP | Midas Estates (P) Ltd |
| GVK Airport Developers (P) Ltd (*) | Mumbai Airotopolis Pvt Ltd |
| GVK Airport Holdings (P) Ltd | Mumbai Aviation Fuel Form Facility (P) Ltd |
| GVK Biosciences (P) Ltd (*) | Mumbai International Airport (P) Ltd (*) |
| GVK City (P) Ltd | Nova Technical & Consultancy Services P Ltd. |
| GVK Davix Research (P) Ltd | Orbit Travel & Tours (P) Ltd (*) |
| GVK Davix Technologies (P) Ltd | Pace Constructions (P) Ltd |
| GVK Foundation (*) | Paigah House Hotel (P) Ltd |
| GVK EMRI (UP) Pvt Ltd | Pinakini Share & Stock Brokers Ltd |
| GVK Informatics (P) Ltd. | Pinnacle Land Holdings (P) Ltd |
| GVK Janani Shishu Suraksha (UP) Pvt Ltd | Raghavendra Finance (P) Ltd |
| GVK Energy Ltd (*) | Rocktown Estates Pvt Ltd |
| GVK Estates Private Limited | SR Finance (P) Ltd |
| GVK Industries Ltd (*) | Suphala Real Estates (P) Ltd |
| GVK Jaipur Expressway Private Ltd (*) | Volantis Land Holdings (P) Ltd |
| GVK Oil & Gas Limited | Vulcon Constructions (P) Ltd |
| GVK Power & Infrastructure Ltd (*) | Srilakshmi Enterprises (*) |

(*) – companies with which there are transactions during the year

Transactions during the year

| Name of the related party | Current Year (Rs. in lakhs) |
|---|--------------------------------|
| Key Management Personnel: | |
| Mrs.Indira Krishna Reddy – Remuneration | 274.84 |
| Mrs.Shalini Bhupal – Remuneration | 166.47 |
| Joint Venturer: | |
| Indian Hotels Company Limited | |
| Operating fee | 1205.17 |
| Reimbursement of advertisement expenses | 363.90 |
| Jointly controlled entity: | |
| Green Woods Palaces & Resorts (P) Ltd | |
| – Investment in Equity Shares | - |
| Enterprises in which key management personnel and / or their relatives have significant influence: | |
| Orbit Tours and Travels (P) Ltd | |
| – Purchase of travel tickets and car hire charges | 15.72 |
| GVK Foundation | |
| – Donation | 31.00 |
| GVK Technical Consultancy Services (P) Ltd | |
| – manpower supply | 7.17 |
| Srilakshmi Enterprises | |
| – Technical Fees | 17.09 |
| Mumbai International Airport Pvt. Ltd (Electricity charges) | 128.69 |
| Income from sale of rooms and food & beverages: | |
| – GVK Gautami Power Ltd | 0.68 |
| – Mumbai International Airport Pvt Ltd | 10.79 |
| – GVK Biosciences Pvt Ltd | 20.22 |
| – GVK Industries Ltd | 9.30 |
| – GVK Jaipur Expressway Pvt Ltd | 0.32 |
| – GVK Power and Infrastructure Ltd | 2.70 |
| – GVK Power (Goindwal Sahib) Ltd | 3.75 |
| – Bengaluru International Airport Ltd | 6.09 |
| – GVK Energy Ltd | 1.12 |
| – Inogent Laboratories Pvt Ltd | 0.77 |
| – GVK Projects and Technical Services Ltd | 0.07 |
| – GVK Ratle Hydro Electric Project Pvt Ltd | 0.87 |
| – GVK Technical Consultancy Services (P) Ltd | 0.60 |
| – GVK EMRI | 5.24 |
| – GVK Airport Developers Ltd | 0.30 |

BALANCES OUTSTANDING AS OF 31 MARCH, 2016:

| Name of the related party | Current Year (Rs. in lakhs) |
|--|--------------------------------|
| Joint Venturer: | |
| Indian Hotels Company Limited | |
| Operating fee & reimbursements payable | 1462.19 |
| Reimbursement of expenses payable / (receivable) | 233.48 |
| GVK Technical and Consultancy Services Pvt Ltd | |
| – manpower supply bill payable | 0.48 |
| Srilakshmi Enterprises | |
| – technical fee payable | 17.09 |
| Mumbai International Airport Pvt. Ltd. | |
| Electricity charges payable | 127.82 |
| Security Deposit (receivable) | (514.39) |

23. The proportionate share of assets, liabilities, income and expenditure in the joint venture included in these Consolidated Financial Statements are given below:

| PARTICULARS | Greenwoods Palaces & Resorts Pvt Ltd 48.99% |
|--------------------------------|---|
| | March 31, 2016 (Rs. in lakhs) |
| ASSETS: | |
| Non-current assets | |
| Fixed assets | |
| Tangible assets | 9,100.29 |
| Intangible assets | 345.05 |
| Capital work-in-progress | 3,960.53 |
| Deferred tax asset | 56.59 |
| Long-term loans and advances | 1,472.87 |
| Other non-current assets | 82.70 |
| CURRENT ASSETS | |
| Inventories | 71.07 |
| Trade receivables | 133.16 |
| Cash and bank balances | 185.16 |
| Short-term loans and advances | 68.65 |
| Other current assets | 0.97 |
| LIABILITIES: | |
| Reserves and surplus | -501.92 |
| NON-CURRENT LIABILITIES | |
| Long-term borrowings | 10,953.86 |
| Other Long term liabilities | 288.62 |
| Long-term provisions | 7.70 |

| PARTICULARS | Greenwoods Palaces & Resorts Pvt Ltd 48.99% |
|--|--|
| | March 31, 2016 (Rs. in lakhs) |
| CURRENT LIABILITIES | |
| Trade payables | 376.24 |
| Other current liabilities | 677.80 |
| INCOME | |
| Revenue from operations and other income | 704.09 |
| EXPENSES | |
| Employee Benefits Expense | 233.06 |
| Food & Beverages Consumed | 79.29 |
| Finance Costs | 194.30 |
| Depreciation and amortization expense | 158.89 |
| Other operating and general expenses | 237.20 |
| Exceptional items Income / (Expenses) | 340.74 |

24. Corporate Social Responsibility Expenditure

Gross amount required to be spent by the company during the year: Rs. 57.29 lacs

(Rs. in lacs)

| Financial Year | Amount to be spent | Spent during the year | Amount carried forward |
|----------------|--------------------|-----------------------|------------------------|
| 2014-15 | 43.39 | Nil | 43.39 |
| 2015-16 | 13.90 | 57.29 | Nil |

25. In the opinion of the Board of Directors of the company, the current assets, loans and advances are expected to realise in the ordinary course of business approximately the value at which they are stated in accounts.

26. Segmental Reporting:

The Company's only business being hoteliering, disclosure of segment-wise information is not applicable under Accounting Standard (AS) 17 "Segmental Information" notified by the Companies (Accounting Standards) Rules, 2006 (as amended). There is no geographical segment to be reported since all the operations are undertaken in India.

27. This is the first year of consolidation of financials and hence previous year figures are not available for comparison.

Per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No. 000513S

S. Satyanarayana Murthy
Partner
M.No.: 023651

Place : Hyderabad
Date : May 13, 2016

For and on behalf of the Board

Dr. GVK Reddy
Chairman
DIN 00005212

Anil P. Goel
Director
DIN 00050690

G Indira Krishna Reddy
Managing Director
DIN 00005230

J. Srinivasa Murthy
CFO & Company Secretary
M No. F4460

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TAJGVK Hotels & Resorts Limited

CIN:L40109AP1995PLC019349

Registered Office: Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034

Email: tajgvkshares.hyd@tajhotels.com, Website: www.tajgvk.in Phone No.040-66293664

FORM No. MGT - 11

PROXY FORM

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

| | |
|-------------|--|
| DPID*: | |
| Client ID*: | |

| | |
|----------------------|--|
| Regd. Folio No. : | |
| No. of Shares held : | |

I / We being the member(s) of _____ shares of the above named Company hereby appoint:

| | | | |
|-------------------|----------|-----------|----------------------|
| 1. Name | Address: | Signature | or failing him / her |
| E-mail Id: | | | |
| 2. Name: | Address: | Signature | or failing him / her |
| E-mail Id: | | | |
| 3. Name: | Address: | Signature | |
| E-mail Id: | | | |

as my / our proxy to attend and vote for me / us on my / our behalf at the **21st ANNUAL GENERAL MEETING** of the Company, to be held on **Thursday, the 4th August 2016, at 11.30 a.m. at Sri Sathya Sai Nigamagmam, Srinagar Colony, Hyderabad - 500 073.** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Ordinary Business | For | Against |
|--|-----|---------|
| 1. Adoption of Accounts for the year ended 31.03.2016 | | |
| 2. To consider and declare dividend on the Equity Shares for the financial year ended March 31, 2016. | | |
| 3. Appointment of Dr. GVK Reddy as a director retiring by rotation | | |
| 4. Appointment of Mr. Anil P Goel as a director retiring by rotation | | |
| 5. Appointment of M/s. Brahmayya & Company, Chartered Accountants as Auditors and fix their remuneration for the year ending 31 st March, 2017. | | |
| Special Business | | |
| 6. Appointment of Mr. Rajendra Misra as a Non- Executive Non-Independent Director | | |
| 7. Approval of the excess remuneration paid to Managing Director | | |
| 8. Approval of the excess remuneration paid to Executive Director | | |
| 9. To consider and approve to the change in the Registrar and Share Transfer Agent of the company from M/s Karvy Computer share Private Limited to M/s Venture Capital and Corporate Investments Pvt. Limited , Hyderabad | | |

As witness my / our hand(s) this _____ day of _____ 2016.

Signed by the said _____ Signature of Proxy _____

Affix
₹ 1/-
Revenue
Stamp

Note:1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Proxy need not be a member of the Company.

* Applicable for investors holding shares in Electronic Form.

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Swimming Pool, Taj Santacruz, Mumbai



TAJGVK Hotels & Resorts Limited

CIN: L40109AP1995PLC019349

Registered Office:

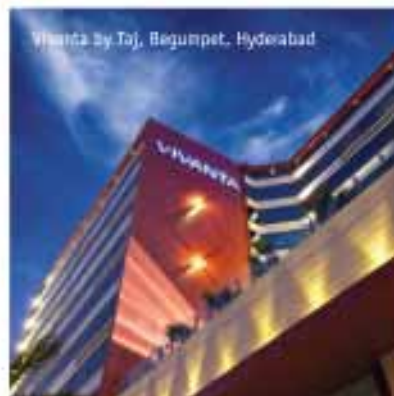
'Taj Krishna' Road No.1

Banjara Hills, Hyderabad 500 034, India

www.tajgvk.in



Taj Santacruz, Mumbai



Marriott by Taj, Begumpet, Hyderabad



Taj Clubhouse, Chennai



Taj B...