

Royal Orchid Hotels Limited

Registered Office:

No.1 Golf Avenue, Adjacent to KGA Golf Course, HAL Airport Road, Bengaluru - 560 008

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

Dear Shareholder,

NOTICE is hereby given pursuant to Section 192A of the Companies Act, 1956 ('the Act') read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011, that it is proposed to pass by Postal Ballot as detailed in the Notice.

The Company is desirous of seeking your consent to the proposals as contained in the attached resolutions. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 pertaining to these resolutions, setting out the material facts and the reasons for the same, is also attached. The said Resolutions and Explanatory Statement is being sent to you along with a Postal Ballot Form for your consideration. Mr. G Shanker Prasad, Practicing Company Secretary, Bengaluru, has been appointed as Scrutinizer for conducting the postal ballot process.

You are requested to carefully read the instructions printed at the end of this Notice and return the enclosed Postal Ballot Form duly completed in the attached self-addressed, postage pre-paid envelope (if posted in India), so as to reach the Scrutinizer at Hotel Royal Orchid, No. 1, Golf Avenue, Adjacent to KGA Golf Course, HAL Airport Road, Bengaluru - 560 008, not later than 6.00 p.m., on 09.11.2013. The postage will be borne and paid for by the Company.

The Scrutinizer will submit his report to the Chairman of the Company or in his absence to any other Director / Officer authorized by the Chairman, upon completion of scrutiny of Postal Ballots in a fair and transparent manner and the result of the Postal Ballot will be announced on 11.11.2013 at 3.00 p.m. at the Company's Registered Office. The result of the Postal Ballot will also be displayed at the said address and posted on the Company's website www.royalorchidhotels.com, besides communicating it to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The result of the voting by Postal Ballot will also be announced through Newspapers by 12.11.2013.

The date of declaration of the result of the postal ballot shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.

PROPOSED SPECIAL RESOLUTIONS

Special Business

1. Consent under section 372A of the Companies Act, 1956, to make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in terms of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, (the Act), notwithstanding that the aggregate of the Loans and investments so far made, the amount for which the guarantee or security so far provided to or in all other bodies corporate, along with the guarantees given or proposed to be made, by the Board of Directors of the Company, exceeds the limits prescribed under the Act, the consent of the Shareholders of the Company, be and is hereby accorded to the Board of Directors for the following:

- a. Approval of the Company to offer Corporate Guarantee to Ksheer Sagar Developers Private Limited, Jaipur, towards security for the additional Credit Facilities availed/to be availed by the said Company, amounting to Rs.20 Crores.
- b. Approval of the proposal of the Company to make loan to/investment in Amar Tara Hospitality Private Limited, Mumbai, an amount not exceeding Rs.66 Crores.
- c. Approval of the proposal of the Company to make loan to/investment in Maruti Comforts & Inn Private Limited, Bengaluru, an amount not exceeding Rs.20 Crores.
- d. Approval of the proposal of the Company to make loan to/investment in Icon Hospitality Private Limited, Bengaluru, an amount not exceeding Rs.30 Crores.
- e. Approval of the proposal of the Company to make loan to/investment in Ksheer Sagar Developers Private Limited, Jaipur, an amount not exceeding Rs.15 Crores."

2. Consent under section 269 of the Companies Act, 1956, for revision of remuneration

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Sections 198, 269 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, as may be required, the Consent of Shareholders of the Company be and is hereby accorded for the payment of revised remuneration to Mr. Chander K Baljee, Chairman and Managing Director of the Company with effect from 1st April, 2013 for the remaining period of his tenure i.e. upto 31st March, 2015 be and is hereby ratified and the remuneration payable for the such period of his appointment shall be as follows:

- I. Salary - Rs.10,00,000/- per month
- II. Commission - 1% of the net profits of the company, with a maximum ceiling limit of Rs. 30 Lacs
- III. Perquisites and allowances:

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

RESOLVED FURTHER THAT subject to applicable provisions of the Companies Act, 1956, in the event of inadequacy of profits, in any financial year, during the remaining period of his appointment, the above mentioned remuneration shall be paid to Mr. Chander K Baljee, as and by way of minimum remuneration with the approval of the Central Government.”

3. Consent to Authorize for selling of an Undertaking

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to section 180 (1) (a) of the Companies Act, 2013 and Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 and subject to applicable provisions, if any, of the Companies Act, 2013 and the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the "Board") to sell, transfer or otherwise dispose of the whole or substantially whole of the Company's assets consisting of property/ land/undertaking located at Sy No.115/1 & 115/29, Financial District, Nanakramguda Village, Serilingampalli Mandal, Ranga Reddy District, Hyderabad, with or without the buildings, plant and machinery, equipment, furniture and fixtures, infrastructure, facilities, auxiliaries, utilities attached thereto, the land, intellectual property rights, resources, advantages, privileges, easement, benefits, exemptions, rights, leases, tenancy, licenses, consents etc. in respect of the said property and other assets attached or any part of it to such person(s) or entities, at a price and on such terms and conditions, as may be deemed fit by the Board in the best interest of the Company.

RESOLVED FURTHER THAT Mr. C K Baljee, the Managing Director of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary in this regard.”

By Order of the Board
For Royal Orchid Hotels Limited

Sd/-

C K Baljee
Managing Director

Place : Bengaluru

Date : 30-09-2013

Notes:

1. Explanatory Statement for the proposed Special Businesses pursuant to Section 102 of the Companies Act, 2013 read with Section 192A(2) of the Companies Act, 1956 is given hereunder.
2. The Notice is being sent to all Members, whose names would appear in the Register of Members / Record of Depositories as on 04.10.2013.
3. A copy of the documents referred to in the Explanatory Statement is open for inspection at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day excluding Sunday till the last date of voting i.e., 09.11.2013
4. Please see the instructions for voting by postal ballot which have been printed herein.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND 192A OF THE COMPANIES ACT, 1956

ITEM NO. 01

Pursuant to Section 372A and other applicable provisions of the Companies Act, 1956, the consent of the Shareholders, by a special resolution to be passed by postal ballot, is sought, under Section 192A of the Act read the Companies (Passing of the Resolution by Postal Ballot) Rules 2011, to make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of:

- i) Sixty percent of the aggregate of the paid up share capital and free reserves,
- OR
- ii) One hundred percent of its free reserves, whichever is more,

It is anticipated that investments, loans and guarantees to be made or given by the company will exceed the aforementioned limits. Hence it is necessary to obtain the consent of the members through postal ballot by means of a special resolution authorizing the Board of Directors to make or give the said investments, loans or guarantees.

The consent of the shareholders is sought for the following:

1. Approve Corporate Guarantee for Rs.20 Cr., towards additional credit facilities availed/ to be availed by Ksheer Sagar Developers Private Limited, Jaipur, in which the Company holds 50% of its total paid up share capital.
2. Invest in the form of loan/investment of Rs.66 Cr., in Amar Tara Hospitality Private Limited, Mumbai, in which the Company holds 75.1% of its total paid up share capital.
3. Invest in the form of loan/investment of Rs.20 Cr., in Maruti Comforts & Inn Private Limited, Bengaluru, in which the Company holds 65.22% of its total paid up share capital.
4. Invest in the form of loan/investment of Rs.30 Cr., in Icon Hospitality Private Limited, Bengaluru, in which the Company holds 51.07% of its total paid up share capital.
5. Invest in the form of loan/investment of Rs.15 Cr., in Ksheer Sagar Developers Private Limited, Jaipur, in which the Company holds 50% of its total paid up share capital.

In order to fund the construction/expansion of the hotels held by the subsidiary/JV companies, your company is intending to give loans to/investment in these subsidiary/JV companies, for which the approval of the shareholders is required. The company will meet the proposed obligations through its own sources.

You are requested to accord your assent or dissent in the enclosed Postal Ballot Form in accordance with the instructions set out in it.

Mr. C K Baljee, the Managing Director of the Company is deemed to be concerned and interested in the said Resolution.

The Board of Directors recommend the resolution for the approval of the members to be passed as a special resolution through postal ballot.

ITEM NO .02

The members of the Company, at the 24th Annual General Meeting held on 24th September, 2010 had re-appointed Mr. C K Baljee as Managing Director of the Company (designated as Chairman and Managing Director) for a period of five years and the same was approved by the Central Government for a period of 3 years with effect from 01.04.2010 to 31.03.2013.

In view of the valuable services provided by him in the previous years particularly with regard to expansion/modernisation of the hotel and considering the overall increase in the operations of the Company during turbulence times, the Board of Directors of the Company proposed to revise the remuneration for the remaining tenure of his appointment at their respective meetings held on 30.09.2013, 2013 and 30.09.2013 by the Remuneration Committee & Board of Directors, in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

This matter requires the Consent of the Members of the Company. Hence the matter is placed before the members.

You are requested to accord your assent or dissent in the enclosed Postal Ballot Form in accordance with the instructions set out in it.

Except Mr. C K Baljee, being Director and Mr. Sunil Sikka, being relative of Mr. C K Baljee, none of the Directors of the Company are in anyway interested in the said resolution.

The Board of Directors recommend the resolution for the approval of the members to be passed as a special resolution through postal ballot.

The details of the terms of the appointment as provided under the resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO .03

The Board considers it prudent to explore the option of selling its undertaking situated at Sy No.115/1 & 115/29, Financial District, Nanakramguda Village, Serilingampalli Mandal, Ranga Reddy District, Hyderabad as the operation of the said undertaking has not been yielding desired profits due to various local issues. Further, the company is also having the debt burden and paying huge amounts towards interest to the banks. The consideration to be received on sale and transfer of the said undertaking is proposed to be utilized in paying off the Company's long term debts. The said arrangement will enable the Company to reduce the interest costs thus improving the profitability of the Company. Further, the Company is in the process of negotiating the consideration and other terms & conditions with the potential purchaser(s) of the said the Undertaking in the best interests of the Company.

This matter requires the Consent of the Members of the Company. Hence the matter is placed before the members.

You are requested to accord your assent or dissent in the enclosed Postal Ballot Form in accordance with the instructions set out in it.

Your Directors recommend this resolution for your approval.

None of the directors are interested in the above resolution.

The Board of Directors recommend the resolution for the approval of the members to be passed as a special resolution through postal ballot.

By Order of the Board
For Royal Orchid Hotels Limited

Sd/-

C K Baljee
Managing Director

Place : Bengaluru

Date : 30-09-2013

INSTRUCTIONS FOR VOTING

1. A Shareholder desiring to exercise vote by Postal Ballot may complete the Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer in the attached self-addressed envelope. The self-addressed envelope bears the address of the Scrutinizer. Postage will be borne and paid by the Company. However, the envelope containing the Postal Ballot Form, if sent by courier at the expense of the shareholder, will also be accepted.
2. Duly completed Postal Ballot Form should reach not later than 6.00 p.m. on 09.11.2013 All Postal Ballot Forms received thereafter will be strictly treated as if the reply from the shareholder has not been received.
3. Assent or dissent to the proposed resolution may be recorded by placing a tick mark (✓) in the appropriate column.
4. This form is to be completed and signed by the shareholder (as per signature registered with the Company). In case of joint holding, this form should be completed and signed by the first-named shareholder and in his/her absence, by the next named shareholder. There will be only one postal ballot form for every folio irrespective of the number of joint holder(s).
5. In case the form is signed by the Power of Attorney holder for and on behalf of the shareholder, it must be accompanied by a certified true copy of the power of attorney. If such power of attorney is already registered with the Company, the Power of Attorney holder should quote the registration number beneath his/her signature. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/ Authority.
6. Unsigned Postal Ballot Form will be rejected.
7. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope since all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelopes would be destroyed by the Scrutinizer.
8. The attached self-addressed envelope is only for the limited purpose of this postal ballot process and the same should not be used by the shareholders for sending any other correspondence to the Company.
9. A Member may request for a duplicate Ballot Paper, if so required. The duly completed Ballot Paper should reach the Scrutinizer not later than the date and time as specified at Point 2 above.

General

- a) Voting by Postal Ballot, can be exercised only by the shareholder or his/her duly constituted attorney or, in case of bodies corporate, the duly authorised person. It cannot be exercised by a proxy.
- b) Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the cut-off date fixed for the purpose i.e. 04.10. 2013.
- c) Voting period commences on and from 11.10.2013 and ends on 09.11.2013
- d) The date of declaration of results of the postal ballot (i.e. 11.11.2013) shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.
- e) The Scrutinizers' decision on the validity of the Postal Ballot shall be final and binding.

Royal Orchid Hotels Limited

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

POSTAL BALLOT FORM

Sl. No.

Please read the instructions printed overleaf carefully before completing this form.

1. *Name(s) and address of the Member(s) (IN BLOCK LETTERS) (including joint-holders, if any) :

2. Number of Shares held :

3. I/We hereby exercise my/our vote in respect of the Special Resolutions to be passed through Postal Ballot as stated in the Postal Ballot Notice of the Company dated September 30, 2013 by conveying my /our "assent" or "dissent" to the said Resolutions by placing a tick (✓) at the appropriate box below:

Description	Number of Shares	I/We Assent to the Resolution	I/We Dissent to the Resolution
Special Resolution under Section 372A of the Companies Act, 1956 seeking the approval for the corporate guarantee (s) issued and proposed to be issued, investments/loans to be made.			
Special Resolution under Section 269 and other applicable provisions of the Companies Act, 1956, to revise payment of remuneration to Mr. C K Baljee for remaining period of his appointment.			
Special Resolution under Section 180 (1) (a) of the Companies Act, 2013 to transfer, hive off, sale, lease, or otherwise, disposal of the whole, or substantially the whole of the Undertaking of the Company.			

Place : Bengaluru

Date: 30-09-2013

(Signature of the Member)

Note: Please read the instructions carefully before exercising your vote.