

Financial Statements
Subsidiaries of Royal Orchid Hotels Limited
For the year ended 31 March 2017

1. Icon Hospitality Private Limited
2. Maruti Comforts & Inn Private Limited
3. Cosmos Premises Private Limited
4. Royal Orchid Associated Hotels Private Limited
5. Royal Orchid Jaipur Private Limited
6. Amartara Hospitality Private Limited
7. Multi Hotels Limited
8. Royal Orchid Maharashtra Private Limited
9. AB Holdings Private Limited
10. Royal Orchid South Private Limited
11. Royal Orchid Goa Private Limited
12. Royal Orchid Hyderabad Private Limited
13. Royal Orchid Mumbai Private Limited
14. Royal Orchid Shimla Private Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ICON HOSPITALITY PRIVATE LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

reasonableness of the **accounting estimates made by the Company's Directors, as well** as evaluating the overall presentation of the financial statements.

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

Opinion

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 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to Note 2 of the financial statements. As stated therein, the Company's current liabilities exceeded its current assets as at the balance sheet date by Rs 27,439,978. These conditions indicate the existence of uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis **considering the management's assessment of future operational plans and cash flows** to discharge its liabilities in normal course of business and other mitigation plans as described in the said Note. The ability of the company to continue as a going concern is dependent on the successful outcome of the mitigation plans.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) The going concern matter described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer

to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) **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, as amended, in our opinion and to the best of our information and according to the explanations given to us:**

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

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

Sd/-
Monisha Parikh

Partner
(Membership No. 47840)

Bengaluru, May 23, 2017
MP/VMS/MSK/2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Icon Hospitality Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No
117366W/W-100018

Bengaluru, May 23, 2017

MP/VMS/MSK/2017

Sd/-
Monisha Parikh
Partner
(Membership No.47840)

ANNEXURE B TO THE **INDEPENDENT AUDITOR'S REPORT**

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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 Companies Act, 2013.
- (iv) The Company has not granted any loans that are covered under the provisions of sections 185 or 186 of the Act, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.
- (vi) **Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the order is not applicable.**
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory **dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues** applicable to it to the appropriate authorities other than dues relating to Karnataka Labour Welfare Fund.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, **Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs**

Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable other than the following:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Due Date
Karnataka Labour Welfare Fund Act, 1965	Compensation	28,67,019	March 2003 to September 2013	Various Dates

- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs.)
Customs Act, 1962	Differential Dues and Penalty	Commissioner of Customs, Export	2013-14	32,336,410

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders, except as under:

Particulars	Amount of default of repayment (Rs)	Period of default
Interest to Debenture holders	67,72,603	60-365 Days

- ix) In our opinion and according to information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans have been applied by the company during the year for the purpose for which they were raised.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has not paid or provided managerial remuneration during the year and hence reporting under clause (xi) of the Order is not applicable.

- xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us, the Company has made preferential allotment of Debentures during the year under review.

In respect of the above issue, we further report that:

- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
 - b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
 - xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration
No. 117366W/W-100018)

BENGALURU, May 23, 2017
MP/VMS/MSK/2017

Sd/-
Monisha Parikh
Partner
(Membership No.47840)

Icon Hospitality Private Limited
Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and Liabilities			
<i>Shareholders' funds</i>			
Share capital	4	19,00,40,900	19,00,40,900
Reserves and surplus	5	15,33,83,533	19,54,25,856
		34,34,24,433	38,54,66,756
<i>Non-current liabilities</i>			
Long-term borrowings	6	20,68,15,667	5,54,01,333
Deferred tax liability, net	7	-	-
Long-term provisions	8	37,03,022	27,57,422
		21,05,18,689	5,81,58,755
<i>Current liabilities</i>			
Short-term borrowings	9	-	2,50,00,000
Trade payables	10	-	-
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		5,64,05,239	5,84,85,538
Other current liabilities	11	3,27,49,703	11,70,34,285
Short-term provisions	12	5,96,915	2,91,410
		8,97,51,857	20,08,11,233
Total		64,36,94,979	64,44,36,744
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	13	57,24,27,705	60,96,92,166
Intangible assets	14	40,996	1,08,654
Capital work-in-progress		-	12,37,535
Long-term loans and advances	15	89,14,399	37,25,741
		58,13,83,100	61,47,64,096
<i>Current assets</i>			
Current investments		-	-
Inventories	16	14,02,440	13,56,839
Trade receivables	17	1,71,57,350	1,74,74,938
Cash and bank balances	18	3,91,81,671	65,31,852
Short-term loans and advances	19	35,18,808	33,61,855
Other current assets	20	10,51,610	9,47,164
		6,23,11,879	2,96,72,648
Total		64,36,94,979	64,44,36,744
See accompanying notes to Financial Statements.	1-40		

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 23 May 2017

For and on behalf of the Board of Directors

Sd/-
Chetan Tewari
Managing Director

Sd/-
P. Satish Pai
Director

Sd/-
Ranabir Sanyal
Company Secretary

Sd/-
Karthik Jayaram
Chief Financial Officer

Place: Bengaluru
Date: 23 May 2017

Icon Hospitality Private Limited

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

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	21	18,60,09,873	18,96,63,504
Other income	22	23,13,699	29,33,299
Total revenue		18,83,23,572	19,25,96,803
Expenses			
Food and beverages consumed	23	2,32,19,880	2,88,99,123
Employee benefits expense	24	4,15,63,540	3,50,41,973
Finance costs	25	2,70,79,629	3,92,18,224
Depreciation and amortisation	26	3,97,82,626	4,79,02,126
Other expenses	27	9,87,20,220	9,75,88,369
Total expenses		23,03,65,895	24,86,49,815
Loss before tax		(4,20,42,323)	(5,60,53,012)
Tax expense			
Current tax		-	-
Deferred tax		-	(1,07,09,538)
Minimum alternate tax credit		-	-
		-	(1,07,09,538)
Loss for the year		(4,20,42,323)	(4,53,43,474)
Earnings per equity share of ₹ 10 each	28		
Basic/Diluted		(22.12)	(37.33)
See accompanying notes to Financial Statements.	1-40		

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Sd/-

Monisha Parikh

Partner

Place: Bengaluru

Date: 23 May 2017

For and on behalf of the Board of Directors

Sd/-

Chetan Tewari

Managing Director

Sd/-

Ranabir Sanyal

Company Secretary

Place: Bengaluru

Date: 23 May 2017

Sd/-

P. Satish Pai

Director

Sd/-

Karthik Jayaram

Chief Financial Officer

Icon Hospitality Private Limited
Cash Flow Statement for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net profit before tax	(4,20,42,323)	(5,60,53,012)
Adjustments for:		
Depreciation and amortisation	3,97,82,626	4,79,02,126
Interest income	(7,26,908)	(6,90,711)
Interest expense, net	2,70,79,629	3,92,18,224
(Gain)/loss on sale of tangible assets	-	(4,73,934)
Liability no longer required, written back	(10,01,116)	(10,68,795)
Provision for doubtful debts	14,37,991	5,77,798
Operating profit before working capital changes	2,45,29,899	2,94,11,696
Changes in working capital:		
(Decrease)/Increase in provisions	12,51,105	(7,71,467)
Increase/(decrease) in trade payables and other liabilities	(1,77,65,382)	96,55,040
Decrease/(Increase) in trade receivables and unbilled revenue	(12,24,849)	(64,63,582)
(Increase)/Decrease in inventories	(45,601)	4,28,340
Decrease in loans and advances	1,24,349	7,99,056
Cash generated from operations	68,69,521	3,30,59,083
Direct taxes paid (net)	4,80,767	5,58,245
Net cash generated from operating activities	63,88,754	3,25,00,838
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress and project advances)	(58,00,321)	(10,75,724)
Sale of fixed assets	-	4,73,934
Interest received	3,25,065	4,67,021
Net cash (used in)/generated from investing activities	(54,75,256)	(1,34,769)

Icon Hospitality Private Limited

Cash Flow Statement for the year ended 31 March 2017 (Cont'd)

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
C. Cash flows from financing activities		
Interest paid	(2,43,20,062)	(2,86,31,394)
Proceeds from borrowings	18,00,00,000	-
Repayment of secured borrowings	(10,89,43,284)	(5,12,55,060)
Proceeds from Debenture application money pending allotment	2,25,00,000	2,01,49,333
Proceeds towards allotment of equity share capital	-	1,85,30,700
Repayment of Debenture application money pending allotment	(1,25,00,333)	-
Change in bank overdraft, net	(2,50,00,000)	1,24,829
Net cash (used in) from financing activities	3,17,36,321	(4,10,81,592)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	3,26,49,819	(87,15,523)
Cash and cash equivalents at the beginning of the year	11,56,852	98,72,375
Cash and cash equivalents at the end of the year (refer note 18)	3,38,06,671	11,56,852

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Sd/-

Monisha Parikh

Partner

Place: Bengaluru

Date: 23 May 2017

For and on behalf of the Board of Directors

Sd/-

Chetan Tewari

Managing Director

Sd/-

Ranabir Sanyal

Company Secretary

Place: Bengaluru

Date: 23 May 2017

Sd/-

P. Satish Pai

Director

Sd/-

Karthik Jayaram

Chief Financial Officer

Icon Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2017

1 Background

Icon Hospitality Private Limited ('Icon' or 'the Company') was incorporated on 28 January 2003 as a private limited company providing hospitality services. The Company operates the hotel "Royal Orchid Central" located at Bangalore, India. For its daily operations, the Company has also entered into a profit sharing agreement with Royal Orchid Associated Hotels Private Limited, a fellow subsidiary Company for which it pays management fee based on a pre determined percentage of revenue and gross operating profits.

2 Operational outlook

The Company has suffered a loss of ₹ 4,20,42,323 during the year and has an accumulated deficit ₹ 20,50,00,067 as at 31 March 2017 (refer note 5). Further, the current liabilities exceed current assets by ₹ 2,74,39,978 as on the Balance Sheet date. In view of its term loan restructuring plan for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, operational and financial support from the Holding Company etc., the Company is confident of improving and maintaining sustainable operating cash flows and accordingly the financial statements are prepared and presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

3 Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(b) Use of estimates

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

(c) Revenue recognition

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

Income from services

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

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

Interest

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

(d) Fixed assets (Tangible/Intangible)

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses, if any. Costs directly attributable to the acquisition are capitalised until the asset is ready for use, as intended by the management. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure relating to fixed assets is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Icon Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2017

3 Summary of significant accounting policies (Cont'd)

(d) Fixed assets (Tangible/Intangible) (Cont'd)

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

(e) Depreciation and amortisation

Depreciation/amortization on fixed assets is provided on the straight-line method using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets, as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013. Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Asset category	Useful Life (years)
Buildings	30
Plant and equipment	15
Furniture and fixtures	8
Vehicles	6
Office equipment	5
Computer equipment	3
Intangible assets	3

(f) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of such assets. All other borrowing cost are expensed as incurred in the period they occur.

(g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the Statement of Profit and Loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(h) Inventory

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

(i) Foreign currency transactions

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

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

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

Icon Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2017

3 Summary of significant accounting policies

(j) Retirement benefits

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

Defined Contribution plans

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

Defined benefit plans

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

Short-term and long-term employee benefits

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(k) Tax expense

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Icon Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2017

3 Summary of significant accounting policies

(l) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(n) Provisions

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

(o) Cash and cash equivalents

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

(p) Cash flow statement

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

(q) Leases

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

Operating leases

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

(r) Operating cycle

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

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Icon Hospitality Private Limited
Notes to the financial statements

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
4 Share capital				
Authorised share capital				
Equity shares of ₹ 100 each	20,00,000	20,00,00,000	20,00,000	20,00,00,000
	20,00,000	20,00,00,000	20,00,000	20,00,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 100 each	19,00,409	19,00,40,900	19,00,409	19,00,40,900
	19,00,409	19,00,40,900	19,00,409	19,00,40,900

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts	Number	Amounts
a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
Balance at the beginning of the year	19,00,409	19,00,40,900	9,87,762	9,87,76,200
Add: Fresh Issue	-	-	18,623	18,62,300
Add: Conversion of Compulsorily Convertible Debentures into equity share capital	-	-	7,27,340	7,27,34,000
Add: Conversion of unsecured loans into equity share capital	-	-	1,66,684	1,66,68,400
Balance at the end of the year	19,00,409	19,00,40,900	19,00,409	19,00,40,900

b) Shares held by the Holding Company, its Subsidiaries and Associates.

Equity shares of ₹100 each				
Royal Orchid Hotels Limited - Holding Company	9,70,536	9,70,53,600	9,70,536	9,70,53,600
Royal Orchid Goa Private Limited - Subsidiary of Holding Company	1	100	1	100
	9,70,537	9,70,53,700	9,70,537	9,70,53,700

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

	Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares
Equity shares of ₹ 100 each				
Royal Orchid Hotels Limited - Holding Company	9,70,536	51.07%	9,70,536	51.07%
Mr. P. Dayanand Pai	9,17,872	48.30%	9,17,872	48.30%
	18,88,408	99.37%	18,88,408	99.37%

d) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 100 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian Rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2017. Further, there has been no shares issued for consideration other than cash.

Icon Hospitality Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
5 Reserves and surplus		
Currency translation reserve	6,50,000	6,50,000
Securities premium account	35,77,33,600	35,77,33,600
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(16,29,57,744)	(11,76,14,270)
Add: Loss for the year	(4,20,42,323)	(4,53,43,474)
	(20,50,00,067)	(16,29,57,744)
	15,33,83,533	19,54,25,856
6 Long-term borrowings		
Secured		
Term loans from banks [refer note (i) and (iii)]	-	10,77,57,000
Term loan from others [refer note (ii)]	18,00,00,000	-
Vehicle loans [refer note (iv)]	-	11,86,284
	18,00,00,000	10,89,43,284
Less: Current maturities of long-term debt (refer note v below)	33,33,333	7,36,91,284
	17,66,66,667	3,52,52,000
Unsecured		
3,01,490 (31 March 2016: Nil), 18% Compulsorily Convertible Debentures of ₹ 100 each	3,01,49,000	-
Debenture application money pending allotment	-	2,01,49,333
	3,01,49,000	2,01,49,333
Total borrowings	20,68,15,667	5,54,01,333

Notes:

(i) Term loans from banks:

Term loans from banks are secured by way of pari passu charge in favour of the banking Consortium (State Bank of Hyderabad and State Bank of Travancore) by equitable mortgage of the hotel property and a first charge on all movable fixed assets of the Company, both present and future. Additionally, Chairman and Managing Director of the Holding Company - Mr. Chander K. Baljee, and directors of the Company Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantees as security to the banks.

The term loan from State Bank of Hyderabad was repayable in 38 quarterly instalments commencing from 28 December 2007, ranging from ₹ 33.33 lakhs to ₹ 97.87 lakhs with an annual interest rate ranging between 14.25% - 15.75%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2017 is ₹ Nil (31 March 2016 - ₹ 598.58 lakhs).

The term loan from State Bank of Travancore was repayable in 38 quarterly instalments commencing from 28 December 2007, ranging from ₹ 26.66 lakhs to ₹ 78.39 lakhs with an annual interest rate ranging between 14.25% - 15.75%.

During the year, the Company has prepaid the entire term loan and the balance outstanding as at 31 March 2017 is ₹ Nil (31 March 2016 - ₹ 478.99 lakhs).

Icon Hospitality Private Limited

Notes to the financial statements

6 Long-term borrowings (cont'd)

Notes (cont'd):

(ii) Term loan from others

The Company has availed an Indian rupee term loan ('the loan') from SREI Infrastructure Private Limited (SREI) for ₹ 1,800.00 lakhs during the year towards replacing the existing debt, working capital and capital expenditure requirements of the Company.

The loan is secured by way of mortgage of the hotel property and exclusive charge by way of hypothecation of all movable assets, current assets, loans and advances, long term and short term investments of the Company, both present and future. Further, the loan is secured by way of exclusive charge by way of pledge of 100% of fully paid-up equity shares of the Company. Additionally, the loan is secured by Corporate Guarantee of the Holding Company and the personal guarantees of Mr. P. Dayanand Pai (Director) and Mr. Chander K. Baljee (Chairman and Managing Director of the Holding Company).

The loan is repayable in 108 equal monthly instalments of ₹ 16.67 lakhs post moratorium of 12 months from the initial disbursement date and bear an annual interest rate of 14% i.e. SREI Benchmark Rate +/- 3.75% (spread).

(iii) There are no dues towards repayment of instalments/interest to the banks/financial institution as on 31 March 2017 (As on March 31, 2016, the Term loan of ₹ 12,501,000 and interest of ₹ 5,181,902 payable to banks for the quarter ended on that date was unpaid).

(iv) Vehicle loans

The vehicle loans are secured by the hypothecation of the vehicles concerned. The loans are repayable in 60 monthly instalments as per the repayment schedule ending in January 2017 at an interest rate of 10.51% p.a.

During the year, the Company has repaid the vehicle loans and the balance outstanding as at 31 March 2017 is ₹ Nil.

(v) The amount of term loan where instalments are due within one year has been classified under "current maturities of long term debt" under other current liabilities (refer note 11).

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Icon Hospitality Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
7 Deferred tax liability, net		
Deferred tax liabilities on		
Timing difference on depreciation on tangible and intangible assets	3,61,86,124	1,07,09,538
	3,61,86,124	1,07,09,538
Deferred tax assets on		
Unabsorbed depreciation allowance	3,61,86,124	1,07,09,538
	3,61,86,124	1,07,09,538
	-	-
<p>The Company has a net deferred tax asset as at 31 March 2017 significantly arising from unabsorbed depreciation and brought forward tax losses. As a matter of prudence and in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available to set off deferred tax assets arising out of such brought forward losses and unabsorbed depreciation, the Company has recognized deferred tax asset on unabsorbed depreciation only to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act.</p>		
8 Long-term provisions		
Provisions for employee benefits		
Gratuity (refer note 30(b))	28,11,501	21,09,082
Compensated absences (refer note 30 (c))	8,91,521	6,48,340
	37,03,022	27,57,422
9 Short-term borrowings		
Secured		
Loans repayable on demand from a bank (refer note below)	-	2,50,00,000
	-	2,50,00,000

Note:

Loan repayable on demand from State Bank of Hyderabad

Loan repayable on demand is secured by hypothecation of current assets of the Company which include stocks, receivables etc. In addition, there is extension of charge on the fixed assets of the hotel property including equitable mortgage of land and hotel building. Further, the Chairman and Managing Director of the Holding Company - Mr. Chander K. Baljee, and directors of the company Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantee as security to the bank. Bank overdraft bears a floating interest rate ranging between 14.25% - 15.70%.

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Icon Hospitality Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
10 Trade payables		
Acceptances	-	-
Other than acceptances		
Dues of micro enterprises and small enterprises (see note below)	-	-
Dues of creditors other than micro enterprises and small enterprises *	5,64,05,239	5,84,85,538
	5,64,05,239	5,84,85,538
* Includes payables to a related party (refer note 29(v))	3,69,16,023	3,24,89,145
Note		
Based on the information available with the Company, there are no outstanding dues in respect of Micro and Small enterprises at the Balance Sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.		
11 Other current liabilities		
Current maturities of long-term debt	33,33,333	7,36,91,284
Interest accrued and due on borrowings		
On Term Loans (refer note 6(iii))	-	51,81,902
On Unsecured Debentures/Debentures application money (refer note 29(v))	89,53,645	1,06,95,744
Interest accrued but not due on borrowings (refer note 29(v))	33,98,825	6,39,258
Dues to related parties (refer note 29(v))	26,23,021	1,28,07,083
Statutory dues	58,42,853	49,48,517
Advance received from customers	12,92,741	32,67,063
Book overdraft	68,03,919	57,94,863
Others	5,01,366	8,571
	3,27,49,703	11,70,34,285
	As at 31 March 2017 ₹	As at 31 March 2016 ₹
12 Short-term provisions		
Provisions for employee benefits		
Gratuity (refer note 30(b))	2,75,744	61,081
Compensated absences (refer note 30 (c))	3,21,171	2,30,329
	5,96,915	2,91,410

Icon Hospitality Private Limited
Notes to the financial statements

13 Tangible assets

(Amount in ₹)

Particulars	Land (Freehold)	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computer equipments	Total
<u>Gross block</u>								
Balance as at 31 March 2015	25,35,17,602	20,36,11,436	39,71,14,447	5,28,55,980	2,46,26,416	6,55,43,809	80,18,258	1,00,52,87,948
Additions	-	-	10,45,039	-	-	-	30,685	10,75,724
Disposals	-	-	-	-	40,42,764	-	-	40,42,764
Balance as at 31 March 2016	25,35,17,602	20,36,11,436	39,81,59,486	5,28,55,980	2,05,83,652	6,55,43,809	80,48,943	1,00,23,20,908
Additions	-	12,37,535	11,77,272	-	-	-	35,700	24,50,507
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	25,35,17,602	20,48,48,971	39,93,36,758	5,28,55,980	2,05,83,652	6,55,43,809	80,84,643	1,00,47,71,415
<u>Accumulated depreciation</u>								
Balance as at 31 March 2015	-	5,84,02,886	15,55,88,552	4,64,98,787	1,49,92,274	6,54,77,401	79,51,133	34,89,11,033
Charge for the year	-	65,13,974	3,06,48,929	56,04,045	48,95,781	66,408	31,336	4,77,60,473
Disposals	-	-	-	-	40,42,764	-	-	40,42,764
Balance as at 31 March 2016	-	6,49,16,860	18,62,37,481	5,21,02,832	1,58,45,291	6,55,43,809	79,82,469	39,26,28,742
Charge for the year	-	65,27,143	3,05,73,464	2,59,475	23,19,371	-	35,515	3,97,14,968
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	7,14,44,003	21,68,10,945	5,23,62,307	1,81,64,662	6,55,43,809	80,17,984	43,23,43,710
<u>Net block</u>								
Balance as at 31 March 2016	25,35,17,602	13,86,94,576	21,19,22,005	7,53,148	47,38,361	-	66,474	60,96,92,166
Balance as at 31 March 2017	25,35,17,602	13,34,04,968	18,25,25,813	4,93,673	24,18,990	-	66,659	57,24,27,705

Icon Hospitality Private Limited
Notes to the financial statements

14 Intangible assets

	Amount ₹
<u>Gross block</u>	
Balance as at 31 March 2015	16,16,329
Additions	-
Disposals	-
Balance as at 01 April 2016	16,16,329
Additions	-
Disposals	-
Balance as at 31 March 2017	16,16,329
<u>Accumulated amortisation</u>	
Balance as at 31 March 2015	13,66,022
Charge for the year	1,41,653
Disposals	-
Balance as at 01 April 2016	15,07,675
Charge for the year	67,658
Disposals	-
Balance as at 31 March 2017	15,75,333
<u>Net block</u>	
Balance as at 31 March 2016	1,08,654
Balance as at 31 March 2017	40,996

Note:

Unless otherwise stated all assets are owned by the Company and no assets have been given on lease.

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Icon Hospitality Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
15 Long-term loans and advances (Unsecured, considered good)		
Security deposits	9,71,928	9,92,900
	9,71,928	9,92,900
Advance tax [net of provision for taxation - ₹ 49,74,246 (31 March 2016: ₹ 49,74,246)]	33,10,538	27,32,841
Capital advances	45,87,349	-
Others	44,584	
	79,42,471	27,32,841
	89,14,399	37,25,741
16 Inventories		
Food and beverages	10,91,889	10,74,961
Stores and spares	3,10,551	2,81,878
	14,02,440	13,56,839

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Icon Hospitality Private Limited

Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
17 Trade receivables		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	5,94,493	-
Unsecured, considered doubtful	58,06,489	43,68,498
	64,00,982	43,68,498
Other debts		
Unsecured, considered good	1,65,62,857	1,74,74,938
	2,29,63,839	2,18,43,436
Less: Provision for doubtful trade receivables	(58,06,489)	(43,68,498)
	1,71,57,350	1,74,74,938
18 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	47,61,907	-
- in deposit accounts (with maturity upto 3 months)	2,85,00,000	8,47,000
Cash on hand	5,44,764	3,09,852
Total Cash and cash equivalents (A) [as per AS-3 Cash Flow Statement]	3,38,06,671	11,56,852
Other bank balances		
Balances with banks		
- in deposit accounts (with maturity more than 3 months but less than 12 months)	53,75,000	53,75,000
Total Other bank balances (B)	53,75,000	53,75,000
Total Cash and bank balances (A + B)	3,91,81,671	65,31,852
19 Short-term loans and advances		
(Unsecured, considered good)		
Advances to suppliers	4,75,884	12,40,089
Dues from Holding Company [refer note 29(v)]	-	1,90,294
Interest accrued on bank deposits	3,04,914	-
Prepaid expenses	23,04,772	8,88,395
Advances due from employees	4,33,238	-
Other advances	-	10,43,077
	35,18,808	33,61,855
20 Other current assets		
Unbilled revenue	10,51,610	9,47,164
	10,51,610	9,47,164

Icon Hospitality Private Limited
Notes to the financial statements

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
21 Revenue from operations		
From sale of services at hotels		
- Room nights	12,08,63,931	11,60,55,565
- Food and beverages	6,13,53,893	6,97,27,577
- Other services	37,92,049	38,80,362
	18,60,09,873	18,96,63,504
22 Other income		
Interest income		
- on deposit with banks	6,29,978	5,63,103
- on income tax refund	96,930	1,27,608
Liabilities no longer required written back	10,01,116	9,35,459
Profit on sale of fixed assets	-	4,87,783
Others	5,85,675	8,19,346
	23,13,699	29,33,299
23 Food and beverages consumed		
Opening stock	10,74,961	14,02,321
Add : Purchases during the year	2,32,36,808	2,85,71,763
	2,43,11,769	2,99,74,084
Less : Closing stock	10,91,889	10,74,961
	2,32,19,880	2,88,99,123
24 Employee benefits expense		
Salaries and bonus	3,43,57,980	2,94,17,084
Contribution to provident fund	15,54,236	13,11,884
Gratuity	10,88,278	44,461
Staff welfare expenses	45,63,046	42,68,544
	4,15,63,540	3,50,41,973
25 Finance costs		
Interest expenses		
- on term loans	1,80,34,320	2,46,42,066
- on debentures/debenture application money (refer note 29(iv))	61,99,852	1,09,92,381
- on overdraft with a bank	28,45,457	35,83,777
	2,70,79,629	3,92,18,224
26 Depreciation and amortisation		
Depreciation (refer note 13)	3,97,14,968	4,77,60,473
Amortisation (refer note 14)	67,658	1,41,653
	3,97,82,626	4,79,02,126

Icon Hospitality Private Limited

Notes to the financial statements

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
27 Other expenses		
Linen and room supplies	40,18,990	36,94,510
Catering and other kitchen supplies	20,59,486	22,62,655
Cablenet charges	4,92,722	3,12,041
Uniform washing and laundry	24,25,351	21,72,566
Music and entertainment	7,58,932	1,89,381
Contract charges	60,91,114	1,32,45,044
Power, fuel and water	1,92,42,697	1,88,36,754
Management fee (refer note 29(iv))	1,13,54,944	1,07,82,628
Security charges	17,24,556	11,77,054
Communication	34,58,894	33,19,521
Printing and stationery	11,09,949	9,39,169
Subscription charges	18,127	17,52,475
Rent	40,09,571	34,99,442
Repairs and maintenance		
- Buildings	41,43,285	17,12,313
- Plant and equipment	21,22,123	21,93,317
- Others	14,63,436	29,20,858
Insurance	8,56,798	8,00,350
Commission and brokerage	36,70,162	47,61,646
Rates and taxes	85,16,806	90,61,754
Legal and professional	58,42,999	52,73,324
Travelling and conveyance	22,92,295	26,93,767
Advertisement and business promotion	23,74,874	30,24,880
Provision for doubtful trade receivables	14,37,991	5,77,798
Directors' sitting fees	20,000	20,000
Bank charges	73,00,138	3,96,314
Miscellaneous	19,13,980	19,68,809
	9,87,20,220	9,75,88,369
28 Earnings per share		
Weighted average number of shares outstanding	19,00,409	12,14,677
Net profit after tax attributable to equity shareholders in ₹	(4,20,42,323)	(4,53,43,474)
Basic and diluted earnings per share in ₹ (refer Note below)	(22.12)	(37.33)
Nominal value per equity share in ₹	100	100

Note:

Since effect of conversion of the convertible dilutive instruments are antidilutive, the same has been ignored in computing Diluted earnings per share.

Icon Hospitality Private Limited

Notes to the financial statements

29 Related parties

i. Parties where control exists

Name of party	Nature of relationship
Royal Orchid Hotels Limited	Holding Company
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary
Maruti Comforts & Inn Private Limited	Fellow subsidiary
Cosmos Premises Private Limited	Fellow subsidiary

ii. Key Management Personnel (KMP)

Mr. P. Dayanand Pai	Director	
Mr. Chetan Tewari	Managing Director	(w.e.f. 3 February 2017)
Mr. Shekhar Bhargava	Managing Director	(up to 20 January 2017)
Mr. Karthik Jayaram	Chief Financial Officer	(w.e.f. 24 October 2016)

iii. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual

Mr. Chander K Baljee
Mrs. Sunita Baljee

iv. Transactions with related parties during the year:

(Amount in ₹)

Nature of transactions	Relationship	Year ended 31 March 2017	Year ended 31 March 2016
Interest on Compulsorily Convertible Debentures/Debenture application money			
Royal Orchid Hotels Limited	Holding Company	61,99,852	66,12,014
Mr. P. Dayanand Pai	KMP	-	43,80,367
Management fee expense			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	1,13,54,944	1,07,82,628
Consultancy charges			
Mrs. Sunita Baljee	Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	34,47,500	34,18,050
Unsecured loans taken			
Mr. P. Dayanand Pai	KMP	-	1,66,68,400
Debenture application money pending allotment			
Royal Orchid Hotels Limited	Holding Company	2,25,00,000	2,01,49,333
Conversion of Debenture application money to 18%, Compulsorily Convertible Debentures			
Royal Orchid Hotels Limited	Holding Company	3,01,49,000	-
Repayment of debenture application money			
Royal Orchid Hotels Limited	Holding Company	1,25,00,333	-
Conversion of 18%, Compulsorily Convertible Debentures into equity share capital			
Royal Orchid Hotels Limited	Holding Company	-	4,47,46,500
Mr. P. Dayanand Pai	KMP	-	2,79,87,500
Conversion of unsecured loans into equity share capital			
Mr. P. Dayanand Pai	KMP	-	1,66,68,400
Share Application Money received, Allotment of equity shares			
Royal Orchid Hotels Limited	Holding Company	-	18,62,300

Icon Hospitality Private Limited

Notes to the financial statements

29 Related parties (cont'd)

v. Balances payable to related parties is summarised below:

(Amount in ₹)

Nature of transactions	Relationship	As at 31 March 2017	As at 31 March 2016
Management fees Payable			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	3,69,16,023	3,24,89,145
Consultancy charges payable (net of taxes deducted at source)			
Mrs. Sunita Baljee	Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	5,17,500	28,32,680
Interest accrued and due on 18%, Unsecured, Compulsorily Convertible Debentures and Debenture Application Money (net of taxes deducted at source)			
Royal Orchid Hotels Limited	Holding Company	48,69,288	63,08,890
Mr. P. Dayanand Pai	KMP	40,84,357	40,84,357
Interest accrued but not due on 18%, Unsecured, Compulsorily Convertible Debentures and Debenture Application Money (net of taxes deducted at source)			
Royal Orchid Hotels Limited	Holding Company	33,98,825	6,39,258
Current Account Balances			
Royal Orchid Hotels Limited	Holding Company	(26,23,021)	(1,25,11,883)
Royal Orchid Hotels Limited	Holding Company	-	1,90,294
Maruti Comforts & Inn Private Limited	Fellow Subsidiary	-	(1,37,553)
Cosmos Premises Private Limited	Fellow Subsidiary	-	(1,57,647)
Personal guarantees received by the Company			
Mr. Chander K. Baljee	Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	18,00,00,000	45,00,00,000
Mr. P. Dayanand Pai	KMP	18,00,00,000	45,00,00,000
Mr. P. Satish Pai	KMP	-	45,00,00,000
Corporate guarantee received by the Company			
Royal Orchid Hotels Limited	Holding Company	18,00,00,000	45,00,00,000

Icon Hospitality Private Limited

Notes to the financial statements

30 Employee benefit plans

a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 1,554,236 (Year ended 31 March 2016: ₹ 1,311,884) for Provident Fund contributions, and ₹ 490,033 (Year ended 31 March 2016: ₹ 467,977) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

The Company offers gratuity benefit schemes to its employees, included under 'Employee benefits expense' in note 24. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	21,70,163	24,69,689
Service cost	5,48,822	3,75,954
Interest cost	1,73,489	1,93,046
Benefit paid	(1,71,196)	(3,43,987)
Actuarial (gain)/ loss on obligation	3,65,967	(5,24,539)
Liability recognised in the Balance Sheet	30,87,245	21,70,163
Components of net gratuity costs are		
Service cost	5,48,822	3,75,954
Interest cost	1,73,489	1,93,046
Recognised net actuarial gain/(Loss)	3,65,967	(5,24,539)
Expense recognised in the Statement of Profit and Loss	10,88,278	44,461
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	30,87,245	21,70,163
Funded status of the plans	-	-
Liability recognised in the Balance Sheet	30,87,245	21,70,163
Current Liability	2,75,744	61,081
Non-Current Liability	28,11,501	21,09,082
Assumptions used for actuarial valuation		
Discount rate	7.45%	8.00%
Long-term rate of compensation increase		
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Mortality rates (<i>LAL: Indian Assured Lives Mortality (2006-08) modified Ult.</i>)	100% of IAL	100% of IAL

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

Experience adjustments:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Defined Benefit Obligation	30,87,245	21,70,163	24,69,689	21,71,803	28,13,715
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	30,87,245	21,70,163	24,69,689	21,71,803	28,13,715
Experience adjustments on liabilities: gain/(loss)	(1,96,809)	4,76,965	7,11,297	7,33,819	3,52,241
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

c) Note:

Actuarial assumptions considered to determine the provision required for compensated absences is same as gratuity provision

Icon Hospitality Private Limited
Notes to the financial statements

		Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
31 Earnings in foreign currency			
Income from operations		1,46,65,188	83,02,577
32 Expenditure in foreign currency			
Commission		6,20,022	5,88,997
Membership fees		1,26,296	8,51,634
		7,46,318	14,40,631
33 Imported and indigenous food and beverages consumed			
		Year ended 31 March 2017 Amount (₹) %	Year ended 31 March 2016 Amount (₹) %
Imported		- -	- -
Indigenous		2,32,19,880 100%	2,88,99,123 100%
		2,32,19,880 100%	2,88,99,123 100%

Consumption above is net of ₹ 1,883,745 (31 March 2016 - ₹ 1,812,044) representing amounts utilised for internal consumption which has been classified under employee benefits expense.

34 Value of imports calculated on CIF basis

The Company did not import any materials or capital goods during the year. Accordingly, disclosure under clause 5(viii)(a) to the General Instructions for preparation of Statement of Profit and Loss as per Schedule III to the Companies Act, 2013 is not applicable.

35 Payments to the statutory auditors (net of service tax input credit) *

For audit	5,00,000	5,00,000
	5,00,000	5,00,000

* Included in legal and professional under note 27

36 Segment information

The Company's business comprises the operation of a hotel, the services of which represents one business segment. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment- wise information is not applicable to the Company.

37 Commitments and contingencies

- During the prior years, the Company had received an Order from Office of the Commissioner of Customs (Export) imposing differential duties and penalties amounting to ₹ 32,336,410 plus applicable interests for certain alleged violations of the Export Promotion Capital Goods Scheme. The Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai and an unconditional stay in the matter is granted till the disposal of the appeal. Based on a detailed evaluation and independent advise obtained, the management believes that the case will be settled in its favour. Accordingly, these financial statements do not include adjustments, if any, on the above account.
- Claims against the Company not acknowledged as debts - Bonus to employees for the financial year 2014-15 is ₹ 3,24,000 (31 March 2016 - ₹ 3,24,000).
- Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets is ₹ 26,62,835 (31 March 2016 - ₹ Nil).

Icon Hospitality Private Limited

Notes to the financial statements

38 Employee Stock Option Plan

The Holding Company operates certain share plans under which share options have been granted to some of the Company's employees. As per the Guidance Note on "Accounting for Employee Share Based Payments", issued by the Institute of Chartered Accountants of India, which is recommendatory, the Company is required to record compensation costs and disclose information relating to the options granted to the employees of the Company under the Share Plans. The Share Plans are assessed, managed and administered by the Holding Company, over whose shares the options are granted. The Holding Company has not transferred any charge on account of such stock expense to the Company. Consequently, the Company has not accounted for and disclosed the details of the Share Plans as per the said Guidance Note..

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other	Total
Closing cash in hand as on 08.11.2016	4,72,000	1,63,183	6,35,183
Add: Permitted receipts	-	15,81,707	15,81,707
Less: Permitted payments	-	10,96,172	10,96,172
Less: Amount deposited in banks	4,72,000	1,33,753	6,05,753
Closing cash in hand as on 30.12.2016	-	5,14,965	5,14,965

40 Comparatives

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

For and on behalf of the Board of Directors

Sd/-
Chetan Tewari
Managing Director

Sd/-
P. Satish Pai
Director

Sd/-
Ranabir Sanyal
Company Secretary

Sd/-
Karthik Jayaram
Chief Financial Officer

Place: Bengaluru
Date: 23 May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARUTI COMFORTS & INN PRIVATE LIMITED
Report on the Financial Statements

We have audited the accompanying financial statements of Maruti Comforts & Inn Private Limited ("**the Company**"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide

a basis for our audit opinion on the financial statements.

Opinion

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 31st March, 2017, and its profit/loss and its cash flows for the year ended on that date.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer **to our separate Report in "Annexure A"**. Our report expresses an unmodified **opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting**.
- g) **With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:**
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of accounts maintained by the Company.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bengaluru, May 20, 2017
MP/VMS/MSK/2017

Sd/-
Monisha Parikh
Partner
(Membership No. 47840)

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

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

We have audited the internal financial controls over financial reporting of Maruti Comforts & Inn Private Limited ("the Company") as of **March 31, 2017** in conjunction with our audit of the financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

Sd/-
Monisha Parikh
Partner
(Membership No. 47840)

Bengaluru, May 20, 2017
MP/VMS/MSK/2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and

explanations given to us, no material discrepancies were noticed on such verification.

- (c) According to the information and explanations given to us and based on the examination of lease agreements, we report that in respect of buildings constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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 Companies Act, 2013.
- (iv) The Company has not granted any loans that are covered under the provisions of section 185 of the Act and provisions of section 186 of the Act in respect of granting of loans, making investments and providing guarantees and securities are not applicable
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits
- (vi) **Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.**
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory **dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess** and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, **Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess** and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable other than the following.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has no borrowings from government.

- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Companies Act, 2013, where applicable, for all transactions with the related and the details of related parties have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No
117366W/W-100018

Sd/-
Monisha Parikh
Partner
(Membership No.47840)

BENGALURU, May 20,2017
MP/VMS/MSK/2017

Maruti Comforts & Inn Private Limited
Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and Liabilities			
<i>Shareholders' funds</i>			
Share capital	4	6,24,96,900	6,24,96,900
Reserves and surplus	5	1,67,36,394	10,78,160
		7,92,33,294	6,35,75,060
<i>Non-current liabilities</i>			
Long-term borrowings	6	1,06,65,000	1,06,65,000
Deferred tax liability, net	7	-	48,03,005
Other non-current liabilities	7	1,85,02,650	1,60,81,090
Long-term provisions	9	17,98,232	17,94,095
		3,09,65,882	3,33,43,190
<i>Current liabilities</i>			
Trade payables	10	-	-
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		1,94,05,092	4,33,17,127
Other current liabilities	11	2,14,35,473	1,29,01,182
Short-term provisions	12	2,10,810	2,83,838
		4,10,51,375	5,65,02,147
Total		15,12,50,551	15,34,20,397
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	13	8,46,29,855	8,96,26,303
Long-term loans and advances	14	3,82,59,526	3,87,50,736
		12,28,89,381	12,83,77,039
<i>Current assets</i>			
Inventories	15	38,28,028	29,82,512
Trade receivables	16	1,04,44,526	1,23,75,511
Cash and bank balances	17	78,02,398	71,29,215
Short-term loans and advances	17	54,74,534	22,70,125
Other current assets	19	8,11,684	2,85,995
		2,83,61,170	2,50,43,358
Total		15,12,50,551	15,34,20,397

See accompanying notes to Financial Statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 20 May 2017

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director

Sd/-
Ravi S. Doddi
Director

Sd/-
Ranabir Sanyal
Company Secretary

Place: Bengaluru
Date: 20 May 2017

Maruti Comforts & Inn Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	20	15,36,76,182	14,04,83,853
Other income	21	56,95,974	59,52,763
Total revenue		15,93,72,156	14,64,36,616
Expenses			
Food and beverages consumed	22	2,72,23,293	2,41,10,871
Employee benefits expense	23	3,84,95,862	3,55,19,274
Finance costs	24	24,03,261	27,31,765
Depreciation and amortisation	25	71,00,697	75,06,482
Other expenses	26	7,32,93,814	7,09,75,246
Total expenses		14,85,16,927	14,08,43,638
Profit before tax		1,08,55,229	55,92,978
Tax expense			
Current tax		22,46,126	11,40,000
Deferred tax credit		(48,03,005)	17,91,723
Minimum alternative tax credit		(22,46,126)	(11,40,000)
		(48,03,005)	17,91,723
Profit for the year		1,56,58,234	38,01,255
Earnings per equity share of ₹ 100 each			
Basic	27	25.05	6.08
Diluted		23.49	-

See accompanying notes to Financial Statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Monisha Parikh
Partner

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director

Sd/-
Ravi S. Doddi
Director

Sd/-
Ranabir Sanyal
Company Secretary

Place: Bengaluru
Date: 20 May 2017

Place: Bengaluru
Date: 20 May 2017

Maruti Comforts & Inn Private Limited
Cash Flow Statement for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net profit before tax	1,08,55,229	55,92,978
Adjustments for:		
Depreciation and amortisation	71,00,697	75,06,482
Interest income	(2,52,086)	(1,75,916)
Interest expense, net	24,03,261	21,11,984
Liability no longer required, written back	(5,72,522)	-
Provision for doubtful receivables	3,11,082	-
Operating profit before working capital changes	1,98,45,661	1,50,35,528
Changes in working capital:		
(Decrease)/Increase in provisions	(68,891)	4,86,502
(Decrease)/Increase in trade payables and other liabilities	(1,41,11,399)	72,51,954
Decrease/(Increase) in trade receivables and unbilled revenue	11,76,150	(45,54,762)
Increase in inventories	(8,45,516)	(9,93,071)
(Increase)/Decrease in loans and advances	(20,20,818)	14,09,785
Cash generated from operations	39,75,187	1,86,35,936
Direct taxes paid (net)	6,92,380	8,85,896
Net cash generated from operating activities	32,82,807	1,77,50,040
B. Cash flows from investing activities		
Purchase of fixed assets	(21,04,249)	(12,51,235)
Interest received	1,70,150	1,72,352
Change in other bank balances	(19,68,965)	(6,00,000)
Net cash (used in)/generated from investing activities	(39,03,064)	(16,78,883)
C. Cash flows from financing activities		
Interest paid	(6,75,525)	(26,10,320)
Repayment of secured borrowings	-	(76,12,326)
Net cash (used in) from financing activities	(6,75,525)	(1,02,22,646)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(12,95,782)	58,48,511
Cash and cash equivalents at the beginning of the year	65,29,215	6,80,704
Cash and cash equivalents at the end of the year	52,33,433	65,29,215

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 20 May 2017

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director

Sd/-
Ravi S. Doddi
Director

Sd/-
Ranabir Sanyal
Company Secretary

Place: Bengaluru
Date: 20 May 2017

Maruti Comforts & Inn Private Limited

Notes to the financial statements

1 Background

Maruti Comforts & Inn Private Limited ("the Company") was incorporated on 16 March 1994, to carry on the business of hotels and related services. For its daily operations, the Company has also entered into a profit sharing agreement with Royal Orchid Associate Private Limited a fellow subsidiary for which it pays management fee based on a pre determined percentage of operating revenues and gross operating profits.

2 Operational outlook

The Company has an accumulated Surplus of ₹167,36,394.25 as at 31 March 2017 and the Company's current liabilities exceed current assets as at the Balance Sheet date by ₹126,90,205.01. In view of the Company's plan for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, operational and financial support from parent Company etc., the management is confident of improving and maintaining sustainable operating cash flows and accordingly the financial statements are prepared and presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

3 Summary of significant accounting policies

(a) Basis of preparation

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

(b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provision for doubtful receivables, provision for employee benefits and provision for income taxes.

(c) Revenue recognition

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

Income from services

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

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

Interest

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

(d) Fixed assets (Tangible/Intangible)

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses. The cost of fixed assets comprises its purchase price and other costs attributable to bringing such assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Maruti Comforts & Inn Private Limited

Notes to the financial statements

2 Summary of significant accounting policies (cont'd)

(e) Depreciation and amortisation

Depreciation/amortization on fixed assets is provided on the straight-line method using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets, as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013. Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Asset category	Useful Life (years)
Buildings	30
Plant and equipment	15
Furniture and fixtures	8
Vehicles	6
Office equipment	5
Computers	3

(f) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of such assets. All other borrowing costs are expensed as incurred in the period they occur.

(g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the Statement of Profit and Loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(h) Inventory

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

(i) Foreign currency transactions

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

Foreign currency monetary items are reported using the closing rate.

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

Maruti Comforts & Inn Private Limited

Notes to the financial statements

2 Summary of significant accounting policies (cont'd)

(j) Leases

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

Operating leases

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

(k) Employee benefits

Defined Contribution plans

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

Defined benefit plans

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

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

(l) Tax expense

Current tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Minimum Alternate Tax

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

Maruti Comforts & Inn Private Limited

Notes to the financial statements

2 Summary of significant accounting policies (cont'd)

(l) Tax expense (cont'd)

Deferred tax

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(n) Provisions and contingent liabilities

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

(o) Cash and cash equivalents

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

(p) Cash flow statement

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

(q) Operating cycle

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

Maruti Comforts & Inn Private Limited

Notes to the financial statements

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
4 Share capital				
Authorised share capital				
Equity shares of ₹ 100 each	15,00,000	15,00,00,000	15,00,000	15,00,00,000
	15,00,000	15,00,00,000	15,00,000	15,00,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 100 each	6,24,969	6,24,96,900	6,24,969	6,24,96,900
	6,24,969	6,24,96,900	6,24,969	6,24,96,900
a) Reconciliation of share capital				
Balance at the beginning of the year	6,24,969	6,24,96,900	6,24,969	6,24,96,900
Add: Issued during the year	-	-	-	-
Balance at the end of the year	6,24,969	6,24,96,900	6,24,969	6,24,96,900
b) Details of shares held by the Holding Company, its subsidiaries and associates				
Equity shares of ₹ 100 each				
Royal Orchid Hotels Limited - Holding Company	4,07,635	4,07,63,500	4,07,635	4,07,63,500
Royal Orchid Goa Private Limited - Subsidiary of the Holding Company	1	100	1	100
	4,07,636	4,07,63,600	4,07,636	4,07,63,600
c) Shareholders holding more than 5% of the shares of the Company				
Equity Shares of ₹ 100 each	Number of Shares held	% of holding in class of shares	Number of shares held	% holding in class of shares
Royal Orchid Hotels Limited	4,07,635	65.22%	4,07,635	4,07,63,500
Senet Cables Private Limited	2,17,333	34.78%	2,17,333	2,17,33,300
	6,24,968	100.00%	6,24,968	6,24,96,800

d) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 100 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian Rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2017. Further, the Company has not issued any shares for consideration other than cash.

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Maruti Comforts & Inn Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
5 Reserves and surplus		
Securities premium account	3,86,94,420	3,86,94,420
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(3,76,16,260)	(4,14,17,515)
Add: Profit for the year	1,56,58,234	38,01,255
Balance at the end of the year	(2,19,58,026)	(3,76,16,260)
	1,67,36,394	10,78,160
6 Long-term borrowings		
Unsecured		
106,650 (31 March 2016: 106,650), 18% Compulsorily Convertible Debentures of ₹ 100 each (refer note below)	1,06,65,000	1,06,65,000
	1,06,65,000	1,06,65,000

Note:

18% Unsecured Compulsorily Convertible Debentures are convertible at par on or before 5 years at the option of the Debenture Holders from the date of allotment.

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Maruti Comforts & Inn Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
7 Deferred tax liability, net		
Deferred tax liability		
Timing difference on depreciation	58,13,531	65,93,492
	58,13,531	65,93,492
Deferred tax assets		
Brought forward unabsorbed depreciation allowance	58,13,531	17,90,487
	58,13,531	17,90,487
	-	48,03,005

The Company has a net deferred tax asset as at 31 March 2017 significantly arising from unabsorbed depreciation and brought forward tax losses. As a matter of prudence and in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available to set off deferred tax assets arising out of such brought forward losses and unabsorbed depreciation, the Company has recognized deferred tax asset on unabsorbed depreciation only to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act.

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
8 Other non-current liabilities		
Deferred rent	1,85,02,650	1,60,81,090
	1,85,02,650	1,60,81,090
9 Long-term provisions		
Provision for employee benefits		
Gratuity [refer note 28(b)]	12,58,264	10,86,512
Compensated absences [refer note 28(c)]	5,39,968	7,07,583
	17,98,232	17,94,095

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Maruti Comforts & Inn Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
10 Trade payables		
Acceptances	-	-
Other than acceptances		
Dues of micro enterprises and small enterprises (see note below)	-	-
Dues of creditors other than micro enterprises and small enterprises	1,94,05,092	4,33,17,127
	1,94,05,092	4,33,17,127
Note:		
(i) Includes payable to related parties [refer note 27(vii)]	11,43,022	2,66,26,167
(ii)Based on the information available with the Company, there are no outstanding dues in respect of Micro and Small enterprises at the Balance Sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.		
11 Other current liabilities		
Interest accrued but not due on debentures[refer note 28(vii)]	35,94,056	18,66,320
Statutory dues	36,92,511	19,24,809
Dues to related parties [refer note 27(vii)]	1,03,36,381	64,61,441
Advance received from customers	36,56,477	26,47,652
Other payables	1,56,048	960
	2,14,35,473	1,29,01,182
	As at 31 March 2017 ₹	As at 31 March 2016 ₹
12 Short-term provisions		
Provision for employee benefits		
Gratuity [refer note 28(b)]	24,499	24,037
Compensated absences [refer note 28(c)]	1,86,311	2,59,801
	2,10,810	2,83,838

Maruti Comforts & Inn Private Limited

Notes to the financial statements

13 Tangible assets

Particulars	Amount in ₹						Total
	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	
Gross block							
Balance as at 01 April 2015	12,81,02,144	4,29,93,080	4,20,05,393	12,84,888	58,13,781	36,53,087	22,38,52,373
Additions	1,26,735	5,91,102	1,36,800	-	3,150	3,93,448	12,51,235
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2016	12,82,28,879	4,35,84,182	4,21,42,193	12,84,888	58,16,931	40,46,535	22,51,03,608
Additions	62,000	9,51,492	3,34,348	-	7,027	7,49,382	21,04,249
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2017	12,82,90,879	4,45,35,674	4,24,76,541	12,84,888	58,23,958	47,95,917	22,72,07,857
Accumulated depreciation							
Balance as at 01 April 2015	5,53,23,316	2,68,21,256	3,58,77,450	8,72,953	58,05,162	32,70,686	12,79,70,823
Charge for the year	30,27,228	19,33,931	18,41,455	4,11,935	4,341	2,87,592	75,06,482
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2016	5,83,50,544	2,87,55,187	3,77,18,905	12,84,888	58,09,503	35,58,278	13,54,77,305
Charge for the year	29,22,491	19,76,544	18,37,654	-	4,072	3,59,936	71,00,697
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2017	6,12,73,035	3,07,31,731	3,95,56,559	12,84,888	58,13,575	39,18,214	14,25,78,002
Net block							
Balance as at 31 March 2016	6,98,78,335	1,48,28,995	44,23,288	-	7,428	4,88,257	8,96,26,303
Balance as at 31 March 2017	6,70,17,844	1,38,03,943	29,19,982	-	10,383	8,77,703	8,46,29,855

Note:

Unless otherwise stated all assets are owned by the Company and no assets have been given on lease.

Maruti Comforts & Inn Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
14 Long-term loans and advances (Unsecured, considered good)		
Security deposits	56,83,537	58,02,306
	56,83,537	58,02,306
Prepaid expenses	2,51,11,874	2,61,76,695
Advance tax [net of provision - ₹ 4,976,409 (31 March 2016 - ₹ 2,569,068)]	26,48,921	42,02,667
MAT credit entitlement	48,15,194	25,69,068
	3,25,75,989	3,29,48,430
	3,82,59,526	3,87,50,736
15 Inventories		
Food and beverages	29,70,934	21,69,977
Stores and spares	8,57,094	8,12,535
	38,28,028	29,82,512

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Maruti Comforts & Inn Private Limited

Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
16 Trade receivables		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	3,06,953	-
Unsecured, considered doubtful	20,61,787	17,50,705
	23,68,740	17,50,705
Other debts		
Unsecured, considered good	1,01,37,573	1,23,75,511
	1,01,37,573	1,23,75,511
	1,25,06,313	1,41,26,216
Less: Provision for doubtful trade receivables	(20,61,787)	(17,50,705)
	1,04,44,526	1,23,75,511
17 Cash and bank balances		
Cash and cash equivalents		
Balances with banks in current accounts	48,54,991	58,60,537
Cash on hand	3,78,442	6,68,678
Total Cash and Cash Equivalents (A) (as per AS 3 - Cash Flow Statement)	52,33,433	65,29,215
Other bank balances		
- in deposit accounts (with maturity more than 3 months)	24,68,965	6,00,000
- in deposit accounts (with maturity more than 12 months)	1,00,000	-
	25,68,965	6,00,000
	78,02,398	71,29,215
18 Short-term loans and advances		
(Unsecured, considered good)		
Dues from related parties [refer note 27(vii)]	24,91,764	1,67,668
Prepaid expenses	8,01,210	8,41,843
Advances due from employees	1,12,755	3,89,933
Other advances	20,68,805	8,70,681
	54,74,534	22,70,125
19 Other current assets		
Unbilled revenue	7,26,184	2,82,431
Interest accrued but not due on deposits	85,500	3,564
	8,11,684	2,85,995

Maruti Comforts & Inn Private Limited
Notes to the financial statements

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
20 Revenue from operations		
From sale of services at hotels		
- Room nights	5,74,41,451	5,75,48,478
- Food and beverages	8,99,12,075	7,68,78,936
- Other services	63,22,656	60,56,439
	15,36,76,182	14,04,83,853
21 Other income		
Interest income		
- on deposits with banks	1,27,315	3,564
- on deposits with others	1,24,771	1,72,352
Liabilities no longer required, written back	5,72,522	39,03,848
License fee	46,10,579	12,86,865
Miscellaneous	2,60,787	5,86,134
	56,95,974	59,52,763
22 Food and beverages consumed		
Opening stock	21,69,977	13,77,069
Add : Purchases during the year	2,80,24,250	2,49,03,779
	3,01,94,227	2,62,80,848
Less : Closing stock	29,70,934	21,69,977
	2,72,23,293	2,41,10,871
23 Employee benefits expense		
Salaries and bonus	3,30,81,277	3,05,67,749
Contribution to provident fund [refer note 28(a)]	12,39,096	11,18,938
Gratuity [refer note 28(b)]	4,59,624	3,55,830
Staff welfare expenses	37,15,865	34,76,757
	3,84,95,862	3,55,19,274
24 Finance costs		
Interest expenses		
- on term loans	-	2,67,879
- on 18% Unsecured compulsorily convertible debentures [refer note 28(vi)]	19,19,702	18,40,675
- on vehicle loans	-	3,430
- Delayed payment of Statutory dues		
- income tax	1,61,215	-
- other statutory dues (Provident fund etc)	3,22,344	6,19,781
	24,03,261	27,31,765
25 Depreciation and amortisation		
Depreciation on tangible assets (refer note 12)	71,00,697	75,06,482
	71,00,697	75,06,482

Maruti Comforts & Inn Private Limited
Notes to the financial statements

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
26 Other expenses		
Guest transportation	13,11,157	9,79,688
Linen and room supplies	13,36,180	13,88,103
Catering and other kitchen supplies	19,01,379	21,76,979
Cablenet charges	2,64,137	2,25,866
Uniform washing and laundry	10,85,446	11,91,260
Music and entertainment	17,40,795	14,74,927
Contract charges	70,44,827	76,91,511
Power, fuel and water	1,08,46,661	1,08,36,126
Directors remuneration	30,00,000	30,00,000
Management and technical fee	1,43,50,939	1,35,83,409
Garden, landscaping and decoration	9,16,855	8,51,991
Security charges	14,00,980	13,99,373
Communication	13,22,521	12,05,151
Printing and stationery	5,82,925	5,91,161
Subscription charges	5,91,711	4,69,426
Rent	1,02,73,276	99,83,788
Repairs and maintenance		
- Buildings	3,53,361	6,38,052
- Plant and equipment	22,20,868	21,67,574
- Others	2,54,622	5,53,239
Insurance	2,28,482	1,57,152
Commission and brokerage	18,95,665	15,22,063
Rates and taxes	33,55,587	33,03,033
Legal and professional	26,40,046	10,02,721
Travelling and conveyance	9,73,532	11,23,039
Advertisement and business promotion	18,63,034	23,14,632
Provision for doubtful receivables	3,11,082	-
Directors' sitting fees	2,06,800	1,13,840
Bank charges	23,751	31,110
Miscellaneous	9,97,196	10,00,032
	7,32,93,814	7,09,75,246
27 Earnings per share		
Basic		
Net profit after tax attributable to equity shareholders in ₹	1,56,58,234	38,01,255
Weighted average number of shares outstanding	6,24,969	6,24,969
Basic earnings per share in ₹	25.05	6.08
Nominal value per equity share in ₹	100	100
*		
Diluted		
Net profit after tax attributable to equity shareholders in ₹	1,56,58,234	
Add: Interest on compulsorily convertible debentures, net	15,28,297	
Net profit after tax attributable to equity shareholders on dilution in ₹	1,71,86,531	
Weighted average number of shares outstanding for Basic EPS	6,24,969	
Add: Effects of compulsorily convertible debentures	1,06,650	
Weighted average number of shares outstanding - for Diluted EPS	7,31,619	
Diluted earnings per share in ₹	23.49	
Nominal value per equity share in ₹	100	

*** Note:**

With reference to financial year ending 31st March, 2016 effect of conversion of the convertible dilutive instruments are antidilutive, the same has been ignored in computing Diluted earnings per share.

Maruti Comforts & Inn Private Limited
Notes to the financial statements

28 Related parties

i. Parties where control exists

Name of party	Relationship
Royal Orchid Hotels Limited	Holding Company
Royal Orchid Associated Hotels Private Limited *	Fellow Subsidiary
Icon Hospitality Private Limited	Fellow Subsidiary

** Formerly Royal Orchid East Private Limited*

ii. Key Management Personnel (KMP)

Mr. Ravi S. Doddi	Whole Time Director
Mr. Amit Jaiswal	Director

iii. Relative of a KMP

Mrs. Panna R. Doddi

iv. Entity in which KMP is interested

Quantum Technologies

v. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual

Mr. Arjun Baljee

vi. Transactions with related parties during the year:

Nature of transaction	Relationship	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Interest expense on 18%, Unsecured, Compulsorily Convertible Debentures			
Royal Orchid Hotels Limited	Holding company	19,19,702	18,40,675
Management and technical fee			
Royal Orchid Associated Hotels Private Limited	Fellow Subsidiary	1,43,50,939	1,35,83,409
Remuneration			
Mr. Ravi S. Doddi	Whole Time Director	30,00,000	30,00,000
Payments to relative of a KMP			
Mrs. Panna Doddi	Relative of a KMP	30,00,000	30,00,000
Consultancy charges			
Quantum Technologies	Entity in which KMP is interested	7,50,000	-
Mr. Arjun Baljee	Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	7,50,000	-

Maruti Comforts & Inn Private Limited
Notes to the financial statements

28 Related parties (cont'd)

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

Particulars	Relationship	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Interest accrued but not due on debentures			
Royal Orchid Hotels Limited	Holding Company	(35,94,056)	(18,66,320)
Management fee payable			
Royal Orchid Associated Hotels Private Limited	Fellow Subsidiary	(2,75,359)	(2,61,27,551)
Remuneration payable			
Mr. Ravi S. Doddi	Whole Time Director	(1,50,739)	(1,66,698)
Dues to relative of a KMP			
Mrs. Panna Doddi	Relative of a KMP	(2,10,782)	(3,31,918)
Consultancy charges payable			
Quantum Technologies	Entity in which KMP is interested	(2,62,500)	-
Mr. Arjun Baljee	Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	(2,43,642)	-
Current account balances			
Royal Orchid Hotels Limited	Holding Company	24,91,764	(12,46,686)
Royal Orchid Associated Hotels Private Limited	Fellow Subsidiary	(1,03,36,381)	(52,14,755)
Icon Hospitality Private Limited	Fellow Subsidiary	-	1,67,668

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Maruti Comforts & Inn Private Limited

Notes to the financial statements

29 Employee benefit plans

a) Defined contribution plans

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 1,239,096 (Year ended 31 March 2016: ₹ 1,118,938) for Provident Fund contributions, and ₹ 410,816 (Year ended 31 March 2016: ₹ 340,020) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

The Company offers gratuity benefit scheme to its employees. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	11,10,549	8,68,160
Service cost	3,71,811	4,30,389
Interest cost	88,780	67,861
Benefits paid	(2,87,408)	(1,13,441)
Actuarial (gain)/ loss on obligation	(969)	(1,42,420)
Projected benefit obligation at the end of the year	12,82,763	11,10,549
Components of net gratuity costs are		
Service cost	3,71,811	4,30,389
Interest cost	88,780	67,861
Net actuarial (gain)/loss recognised in the year	(969)	(1,42,420)
Expense recognised in the Statement of Profit and Loss	4,59,622	3,55,830
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	12,82,763	11,10,549
Fair value of plan assets	-	-
Liability recognised in the Balance Sheet	12,82,763	11,10,549
Current Liability	24,499	24,037
Non-Current Liability	12,58,264	10,86,512
Assumptions used for actuarial valuation		
Discount rate	7.45%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Mortality rates (LAL: Indian Assured Lives Mortality (2006-08) modified Ult.)	100% of IAL	100% of IAL

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

Experience adjustments:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Defined Benefit Obligation	12,82,763	11,10,549	8,68,160	7,36,331	6,04,648
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	12,82,763	11,10,549	8,68,160	7,36,331	6,04,648
Experience adjustments on liabilities: gain/(loss)	72,504	1,15,434	1,17,193	93,865	2,04,463
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

c) Note:

ξ Actuarial assumptions considered to determine the provision required is same as gratuity provision

Maruti Comforts & Inn Private Limited

Notes to the financial statements

30 Operating leases

The Company operates Royal Orchid Resort & Convention Centre in Bangalore, India and for the said property, the Company has leased the land under a lease arrangement for a period of 30 years, which is cancellable at the end of 30 years. The lease agreement includes an escalation of 10% every 3 years over the lease period of the agreement.

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

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Payments falling due:		
Within 1 year	66,68,501	62,71,870
Later than one year but not later than five years	2,76,00,764	2,74,01,904
Later than 5 years	18,97,73,127	19,61,22,227
Total	22,40,42,392	22,97,96,001
Lease rental expenses recognised in the statement of profit and loss during the year	1,02,73,276	99,83,788

31 Earnings in foreign currency

Income from operations	1,49,29,265	1,27,93,342
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32 Expenditure in foreign currency

Commission	1,48,257	2,58,780
Consultancy charges	5,60,625	-
	7,08,882	2,58,780

33 Imported and indigenous food and beverages consumed

	Year ended 31 March 2017		Year ended 31 March 2016	
	Amount (₹)	%	Amount (₹)	%
Imported	-	-	-	-
Indigenous	2,72,23,293	100%	2,41,10,871	100%
	2,72,23,293	100%	2,41,10,871	100%

Consumption above is net off ₹ 1,802,849 (31 March 2016 – ₹ 1,836,668) representing amounts utilised for internal consumption which has been classified under staff welfare.

34 Value of imports calculated on CIF basis

The Company did not import any materials or capital goods during the year. Accordingly, disclosure under clause 5(viii)(a) to the General Instructions for preparation of Statement of Profit and Loss as per Schedule III to the Companies Act, 2013 is not applicable.

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
35 Payments to the statutory auditors (net of service tax input credit) *		
For audit	5,00,000	5,00,000
	5,00,000	5,00,000

* Included in legal and professional under note 25

36 Contingencies

Claims against the Company not acknowledged as debts - Bonus to employees for the financial year 2014-15 is ₹ 3,61,134 (31 March 2016 - ₹ 3,61,134).

Maruti Comforts & Inn Private Limited

Notes to the financial statements

37 Segment information

The Company's business comprises the operation of a hotel, the services of which represents one business segment. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	6,62,000	13,811	6,75,811
Add: Permitted receipts	-	15,54,811	15,54,811
Less: Permitted payments	-	4,35,562	4,35,562
Less: Amount deposited in banks	6,62,000	7,32,308	13,94,308
Closing cash in hand as on 30.12.2016	-	4,00,752	4,00,752

39 Employee Stock Option Plan

The Holding Company operates certain share plans under which share options have been granted to some of the Company's employees. As per the Guidance Note on "Accounting for Employee Share Based Payments", issued by the Institute of Chartered Accountants of India, which is recommendatory, the Company is required to record compensation costs and disclose information relating to the options granted to the employees of the Company under the Share Plans. The Share Plans are assessed, managed and administered by the Holding Company, over whose shares the options are granted. The Holding Company has not transferred any charge on account of such stock expense to the Company. Consequently, the Company has not accounted for and disclosed the details of the Share Plans as per the said Guidance Note..

40 Comparatives

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

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director

Sd/-
Ravi S. Doddi
Director

Sd/-
Ranabir Sanyal
Company Secretary

Place: Bengaluru
Date: 20 May 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COSMOS PREMISES PRIVATE LIMITED
Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the branch auditors and other auditors on the separate financial statements/ financial information of the branches and jointly controlled operations, referred to in the Other Matters paragraph above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the

period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

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

Sd/-
Monisha Parikh
Partner
(Membership No. 47840)

Bengaluru, May 25, 2017
MP/VMS/MSK/2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of **COSMOS PREMISES PRIVATE LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company as of and for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

Sd/-

Monisha Parikh
Partner
(Membership No. 47840)

Bengaluru, May 25, 2017
MP/VMS/MSK/2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

- (iii) 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 Companies Act, 2013.
- (iv) The Company has not granted any loans that are covered under the provisions of section 185 of the Act and provisions of section 186 of the Act in respect to granting of loans, making investments and providing guarantees and securities are not applicable
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities other than dues relating to Karnataka Labour Welfare Fund.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income tax, Sales Tax, Service Tax, Customs duty, Excise duty and Value Added Tax as on 31st March, 2017 on account of disputes.
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has no borrowings from government and has not issued any debentures.
- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has not paid or provided managerial remuneration during the year and hence reporting under clause (xi) of the order is not applicable.
- xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 188 and 177 of the companies act 2013, where applicable, for all the

transactions with the related parties and the details of related party transactions have been disclosed in financial statements etc. as required by the applicable accounting standards.

- xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Sd/-

Monisha Parikh

Partner

(Membership No. 47840)

BENGALURU, May 25, 2017

MP/VMS/MSK/2017

Cosmos Premises Private Limited
Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and Liabilities			
<i>Shareholders' funds</i>			
Share capital	3	40,47,620	40,47,620
Reserves and surplus	4	18,48,97,144	18,74,51,063
		18,89,44,764	19,14,98,683
<i>Non-current liabilities</i>			
Long-term borrowings	5	3,41,186	-
Deferred tax liability, net	6	11,60,947	31,65,136
Long-term provisions	7	13,54,443	10,62,416
		28,56,576	42,27,552
<i>Current liabilities</i>			
Short-term borrowings	8	56,85,216	56,85,216
Trade payables	9		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		1,81,74,899	1,47,07,826
Other current liabilities	10	1,85,07,815	1,69,45,814
Short-term provisions	11	83,35,939	29,57,655
		5,07,03,869	4,02,96,511
Total		24,25,05,209	23,60,22,746
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	12	13,88,24,817	15,01,08,675
Intangible assets	13	-	-
Capital work-in-progress		92,41,702	-
Long-term loans and advances	14	44,12,446	24,38,295
Other non-current assets	15	14,63,000	13,63,000
		15,39,41,965	15,39,09,970
<i>Current assets</i>			
Inventories	16	16,14,733	22,79,979
Trade receivables	17	1,19,47,058	91,45,328
Cash and bank balances	18	5,73,35,325	4,28,33,659
Short-term loans and advances	19	1,54,36,806	2,02,29,348
Other current assets	20	22,29,322	76,24,462
		8,85,63,244	8,21,12,776
Total		24,25,05,209	23,60,22,746

See accompanying notes to Financial Statements.

In terms of our report attached.

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 25 May 2017

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
M.Krishnamurthi
Director
DIN: 00037763

Place: Bengaluru
Date: 25 May 2017

Place: Pune
Date: 25 May 2017

Cosmos Premises Private Limited**Statement of Profit and Loss for the year ended 31 March 2017**

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	21	16,55,48,729	15,53,71,131
Other income	22	31,60,907	38,13,132
Total revenue		16,87,09,636	15,91,84,263
Expenses			
Food and beverages consumed	23	1,44,35,622	1,27,61,619
Employee benefits expense	24	2,38,14,811	2,35,47,659
Finance costs	25	7,21,687	6,32,144
Depreciation and amortisation	26	1,55,06,662	1,51,38,569
Other expenses	27	8,26,42,804	8,38,49,212
Total expenses		13,71,21,586	13,59,29,203
Profit before tax		3,15,88,050	2,32,55,060
Tax expense			
Current tax		1,27,52,184	89,15,600
Tax charge/(credit) relating to prior years		(7,20,546)	59,18,258
Deferred tax credit		(20,04,189)	(16,89,423)
Minimum alternative tax credit		-	-
		1,00,27,449	1,31,44,435
Profit after tax		2,15,60,601	1,01,10,625
Earnings per equity share of ₹ 10 each			
Basic/Diluted	28	53.27	24.98

See accompanying notes to Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Sd/-

Monisha Parikh

Partner

Place: Bengaluru

Date: 25 May 2017

For and on behalf of the Board of Directors

Sd/-

Amit Jaiswal

Director

DIN: 03448511

Place: Bengaluru

Date: 25 May 2017

Sd/-

M.Krishnamurthi

Director

DIN: 00037763

Place: Pune

Date: 25 May 2017

Cosmos Premises Private Limited**Cash Flow Statement for the year ended 31 March 2017**

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net profit before tax	3,15,88,050	2,32,55,060
Adjustments for:		
Depreciation and amortisation	1,55,06,662	1,51,38,569
Interest income	(20,79,036)	(30,19,499)
Interest expense, net	12,863	97,329
Interest on delayed payment of advance taxes	7,08,824	5,34,815
Profit on sale of fixed assets, net	(3,65,000)	-
Rental income	(3,62,391)	(3,38,422)
Provision for doubtful trade receivables	36,47,414	8,88,933
Operating profit before working capital changes	4,86,57,386	3,65,56,784
Changes in working capital:		
Increase in provisions	5,09,892	1,04,915
Increase in trade payables and other liabilities	37,74,945	77,22,141
Increase in trade receivables and unbilled revenue	(7,50,025)	(12,95,674)
Decrease/(Increase) in inventories	6,65,246	(3,65,468)
Decrease/(Increase) in loans and advances	44,47,836	(1,12,45,702)
Cash generated from operations	5,73,05,280	3,14,76,996
Direct taxes paid (net)	82,41,001	1,61,77,734
Net cash generated from operating activities	4,90,64,279	1,52,99,262
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(1,47,73,698)	(36,45,157)
Sale of fixed assets	3,65,000	-
Interest received	21,15,763	50,59,504
Change in project advances	-	-
Repayment of loan by Holding Company	-	46,66,140
Rent received	3,62,391	4,31,519
Change in other bank balances	(1,66,58,456)	(2,66,98,971)
Net cash used in investing activities	(2,85,89,001)	(2,01,86,965)

Cosmos Premises Private Limited**Cash Flow Statement for the year ended 31 March 2017 (Cont'd)**

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
C. Cash flows from financing activities		
Interest paid	(12,863)	(1,78,955)
Proceeds from borrowings	5,78,458	-
Repayment of secured borrowings	(56,586)	(27,95,401)
Payment of Interim Dividend	(2,00,35,719)	-
Payment of Dividend Distribution Tax	(30,05,358)	-
Net cash used in financing activities	(2,25,32,068)	(29,74,356)
Net decrease in cash and cash equivalents (A+B+C)	(20,56,790)	(78,62,059)
Cash and cash equivalents at the beginning of the year	1,61,34,688	2,39,96,747
Cash and cash equivalents at the end of the year (refer note 18)	1,40,77,898	1,61,34,688

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Sd/-

Monisha Parikh

Partner

Place: Bengaluru

Date: 25 May 2017

For and on behalf of the Board of Directors

Sd/-

Amit Jaiswal

Director

DIN: 03448511

Place: Bengaluru

Date: 25 May 2017

Sd/-

M.Krishnamurthi

Director

DIN: 00037763

Place: Pune

Date: 25 May 2017

Cosmos Premises Private Limited

Notes to the financial statements for the year ended 31 March 2017

1 Background

Cosmos Premises Private Limited ('the Company') was incorporated on 14 February 1997. The Company is a subsidiary of Royal Orchid Hotels Limited.

The Company operates a hotel under the name of Royal Orchid Galaxy Resorts in Goa, India. For its daily operations, the Company has also entered into a profit sharing agreement with Royal Orchid Associated Hotels Private Limited (formerly Royal Orchid East Private Limited) for which it pays management fee based on a pre-determined percentage on revenue and net profits.

2 Summary of significant accounting policies

(a) Basis of preparation

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

(b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provision for doubtful receivables, provision for employee benefits and provision for income taxes.

(c) Revenue recognition

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

Income from services

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

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

Interest

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

(d) Fixed assets (Tangible/Intangible)

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses. The cost of fixed assets comprises its purchase price and other costs attributable to bringing such assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Cosmos Premises Private Limited

Notes to the financial statements for the year ended 31 March 2017

2 Summary of significant accounting policies (Cont'd)

(d) Fixed assets (Tangible/Intangible)

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

(e) Depreciation and amortisation

Depreciation/amortization on fixed assets is provided on the straight-line method using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets, as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013. Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

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

Intangible assets are amortised over period of five years.

(f) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowings costs that are directly attributable to the acquisition or construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of such assets. All other borrowing cost are expensed as incurred in the period they occur.

(g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the Statement of Profit and Loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(h) Inventory

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

Cosmos Premises Private Limited

Notes to the financial statements for the year ended 31 March 2017

2 Summary of significant accounting policies (Cont'd)

(i) Foreign currency transactions

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

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

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

(j) Retirement benefits

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

Defined Contribution plans

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

Defined benefit plans

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

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

(k) Tax expense

Current tax

Tax expenses comprises Current and Deferred Tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax

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

Cosmos Premises Private Limited

Notes to the financial statements for the year ended 31 March 2017

2 Summary of significant accounting policies (Cont'd)

(k) Tax expense

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(l) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(n) Provisions

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

(o) Cash and cash equivalents (for purposes of Cash Flow Statement)

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

(p) Cash flow statement

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

(q) Operating cycle

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

Cosmos Premises Private Limited

Notes to the financial statements

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
3 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	5,00,000	5,00,00,000	5,00,000	50,00,000
	5,00,000	5,00,00,000	5,00,000	50,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	4,04,762	40,47,620	4,04,762	40,47,620
	4,04,762	40,47,620	4,04,762	40,47,620

a) Reconciliation of share capital

There have been no changes in the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.

b) Details of shares held by the holding company and its subsidiary

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
Equity shares of ₹10 each with voting rights				
Royal Orchid Hotels Limited - Holding Company	2,02,380	20,23,800	2,02,380	20,23,800
Royal Orchid Goa Private Limited - Fellow Subsidiary	1	10	1	10
	2,02,381	20,23,810	2,02,381	20,23,810

c) Shareholders holding more than 5% of the shares

	Equity shares of ₹10 each with voting rights			
	Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares
Royal Orchid Hotels Limited	2,02,380	50.00%	2,02,380	50.00%
Vascon Engineers Limited	1,77,401	43.83%	1,77,401	43.83%
	3,79,781	93.83%	3,79,781	93.83%

d) Terms and rights attached to equity shares

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

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

The Company has not issued any bonus shares or any shares for consideration other than cash nor has there been any buy back of shares during five years immediately preceding 31 March 2017.

Cosmos Premises Private Limited

Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
4 Reserves and surplus		
General reserve	15,80,000	15,80,000
Securities premium account	12,87,52,460	12,87,52,460
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the quarter	5,71,18,603	4,70,07,978
Add: Profit for the year	2,15,60,601	1,01,10,625
Less: Interim dividend declared at ₹ 49.50 per share	(2,00,35,719)	-
Less: Dividend distribution tax on interim dividend	(40,78,801)	-
Closing balance	5,45,64,684	5,71,18,603
	18,48,97,144	18,74,51,063
5 Long-term borrowings		
Secured		
Vehicle loan from a bank (refer note a below)	5,21,872	-
	5,21,872	-
Less: Current maturities of long-term debt (refer note b below)	1,80,686	-
	3,41,186	-

Note:

- The Company has availed vehicle loan ('the loan') from HDFC Bank Ltd during the year. The loan is secured by hypothecation of the vehicle. The loan is repayable in 36 equated monthly instalments commencing from December 2016 and bear a fixed interest rate of 9.35% p.a. The Company is in the process of filing creation of charge.
- The amount of Vehicle loan where instalments are due within one year have been classified under "current maturities of long term debt" under other current liabilities (refer note 10).

Cosmos Premises Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
6 Deferred tax liability, net		
Deferred tax liabilities on		
Depreciation and amortisation	38,93,409	52,92,523
	38,93,409	52,92,523
Deferred tax assets on		
Provision for employee benefits	6,56,855	5,63,839
Provision for doubtful trade receivables	20,34,278	12,35,190
Disallowances under section 40(a)(ia) of Income-tax Act, 1961	41,329	3,28,358
	27,32,462	21,27,387
	11,60,947	31,65,136
7 Long-term provisions		
Provision for employee benefits		
Gratuity (refer note 30(b))	8,83,693	7,35,674
Compensated absences (refer note 30 (c))	4,70,750	3,26,742
	13,54,443	10,62,416
8 Short-term borrowings		
Unsecured		
From a corporate	56,85,216	56,85,216
	56,85,216	56,85,216

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Cosmos Premises Private Limited

Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
9 Trade payables		
Trade payables		
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises *(refer note below)	1,81,74,899	1,47,07,826
	1,81,74,899	1,47,07,826

* Includes payables to a related party (refer note 29(iv))	18,43,241	26,57,311
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Note:

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

10 Other current liabilities

Current maturities of long term debt (refer note 5)	1,80,686	-
Statutory dues	42,41,684	45,29,731
Advance received from customers	69,81,476	1,23,82,653
Payables on purchase of fixed assets	69,58,222	-
Others	1,45,747	33,430
	1,85,07,815	1,69,45,814

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
11 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 30(b))	1,65,829	11,167
Compensated absences (refer note 30(c))	1,75,793	1,12,590
Provision for taxation [net of advance tax - ₹ 5,466,691 (31 March 2016 - ₹ 6,616,517)]	79,94,317	28,33,898
	83,35,939	29,57,655

Cosmos Premises Private Limited
Notes to the financial statements

12 Tangible assets

Particulars								Amount in ₹
	Land (Freehold)	Building	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
<u>Gross Block</u>								
Balance as at 01 April 2015	1,32,31,108	14,31,14,901	2,29,31,272	5,99,56,196	37,75,496	12,73,760	14,19,033	24,57,01,766
Additions	-	12,20,958	17,17,817	3,87,257	-	3,74,965	1,25,115	38,26,112
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	1,32,31,108	14,43,35,859	2,46,49,089	6,03,43,453	37,75,496	16,48,725	15,44,148	24,95,27,878
Additions	-	5,98,485	11,62,220	12,41,977	8,70,750	1,46,425	2,02,947	42,22,804
Disposals	-	-	-	-	9,86,867	-	-	9,86,867
Balance as at 31 March 2017	1,32,31,108	14,49,34,344	2,58,11,309	6,15,85,430	36,59,379	17,95,150	17,47,095	25,27,63,815
<u>Accumulated depreciation</u>								
Balance as at 01 April 2015	-	3,52,87,516	62,67,477	3,77,59,056	30,24,644	7,04,467	12,46,668	8,42,89,828
Charge for the year	-	48,47,378	18,06,755	79,19,330	2,70,426	1,76,187	1,09,299	1,51,29,375
Reversal on Disposal	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	4,01,34,894	80,74,232	4,56,78,386	32,95,070	8,80,654	13,55,967	9,94,19,203
Charge for the year	-	49,18,337	19,50,413	80,15,100	2,71,110	2,20,441	1,31,261	1,55,06,662
Reversals on Disposal	-	-	-	-	9,86,867	-	-	9,86,867
Balance as at 31 March 2017	-	4,50,53,231	1,00,24,645	5,36,93,486	25,79,313	11,01,095	14,87,228	11,39,38,998
<u>Net block</u>								
Balance as at 31 March 2016	1,32,31,108	10,42,00,965	1,65,74,857	1,46,65,067	4,80,426	7,68,071	1,88,181	15,01,08,675
Balance as at 31 March 2017	1,32,31,108	9,98,81,113	1,57,86,664	78,91,944	10,80,066	6,94,055	2,59,867	13,88,24,817

Note:

Unless otherwise stated all assets are owned by the Company and no assets have been given on lease.

Cosmos Premises Private Limited

Notes to the financial statements

13 Intangible assets

Particulars	Amount in ₹
	Computer Software
<u>Gross Block</u>	
Balance as at 31 March 2015	4,85,750
Additions	-
Disposals	-
Balance as at 31 March 2016	4,85,750
Additions	-
Disposals	-
Balance as at 31 March 2017	4,85,750
<u>Accumulated amortisation</u>	
Balance as at 31 March 2015	4,76,556
Amortisation for the year	9,194
Balance as at 31 March 2016	4,85,750
Amortisation for the year	-
Balance as at 31 March 2017	4,85,750
<u>Net block</u>	
Balance as at 31 March 2016	-
Balance as at 31 March 2017	-

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Cosmos Premises Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
14 Long-term loans and advances (Unsecured, considered good)		
for others	5,50,362	5,46,362
	5,50,362	5,46,362
Advance tax [net of provision for taxation - ₹ 37,056,132 (31 March 2016 - ₹ 28,972,791)]	21,61,409	15,00,450
	21,61,409	15,00,450
	27,11,771	20,46,812
Capital advances		
Unsecured, considered good	17,00,676	3,91,483
Unsecured, considered doubtful	2,00,000	2,00,000
	19,00,676	5,91,483
Less: Provision for doubtful advances	2,00,000	2,00,000
	17,00,676	3,91,483
	44,12,446	24,38,295
15 Other non-current assets		
Other bank balances		
Balances in bank held as margin money	14,63,000	13,63,000
	14,63,000	13,63,000
16 Inventories (At lower of cost and net realisable value)		
Food and beverages	11,14,271	15,31,093
Stores and spares	5,00,462	7,48,886
	16,14,733	22,79,980

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Cosmos Premises Private Limited
Notes to the financial statements

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
17 Trade receivables		
(Unsecured)		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	4,50,001	-
Unsecured, considered doubtful	71,98,058	35,50,645
	76,48,059	35,50,645
Other trade receivables		
Unsecured, considered good	1,14,97,057	91,45,328
	1,14,97,057	91,45,328
	1,91,45,116	1,26,95,972
Less: Provision for doubtful trade receivables	(71,98,058)	35,50,645
	1,19,47,058	91,45,328
18 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	1,39,54,813	1,36,53,837
- in deposit accounts (with maturity upto 3 months)	-	22,37,519
Cash on hand	1,23,085	2,43,332
	1,40,77,898	1,61,34,688
Other bank balances		
In deposit account (with maturity of more than 3 months)	4,32,57,427	2,66,98,971
	4,32,57,427	2,66,98,971
	5,73,35,325	4,28,33,659
19 Short-term loans and advances		
(Unsecured, considered good)		
Advances to suppliers	2,09,224	4,66,020
Interest accrued on receivable from Holding Company (refer note 29(iv))	-	3,40,706
Current account balances		
- with related parties (refer note 29(iv))	83,99,167	1,51,40,080
- with others	1,84,610	3,41,580
Dues from Vascon Engineers Limited (refer note 29(iv))	46,23,425	-
Balances with government authorities	9,83,980	28,26,121
Prepaid expenses	7,00,388	8,04,656
Advances due from employees	3,36,012	3,10,185
	1,54,36,806	2,02,29,348
20 Other current assets		
Unbilled revenue	10,89,275	67,85,272
Interest accrued on deposits with banks	10,25,792	7,21,813
Other receivables		
- Unsecured, considered good	1,14,255	1,17,377
- Considered doubtful	1,85,218	1,85,218
	24,14,540	78,09,680
Less: Provision for other receivables	1,85,218	1,85,218
	22,29,322	76,24,462

Cosmos Premises Private Limited

Notes to the financial statements

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
21 Revenue from operations		
From sale of services at hotels		
- Room nights	13,27,25,701	10,63,28,376
- Food and beverages	2,69,61,632	4,18,96,889
- Other services	58,61,396	71,45,866
	16,55,48,729	15,53,71,131
22 Other income		
Interest income		
from loan to holding company	-	17,25,261
from deposits with banks	20,79,036	12,94,239
Net gain or loss on foreign currency transaction and translation	51,702	23,621
Profit on sale of fixed assets, net	3,65,000	-
Rental income	3,62,391	3,38,422
Miscellaneous	3,02,778	4,31,589
	31,60,907	38,13,131
23 Food and beverages consumed		
Opening stock	15,31,093	12,77,230
Add : Purchases during the year	1,40,18,800	1,30,15,482
	1,55,49,893	1,42,92,712
Less : Closing stock	11,14,271	15,31,093
	1,44,35,622	1,27,61,619
Note:		
The consumption above is net of ₹ 1,438,588 (31 March 2016 – ₹ 1,787,257) representing amounts utilised for internal consumption which has been classified under staff welfare.		
24 Employee benefits expense		
Salaries and bonus	2,01,80,128	1,99,48,784
Contribution to provident fund	9,31,992	8,37,965
Gratuity expense (refer note 30(b))	3,29,961	1,64,900
Staff welfare expenses	23,72,730	25,96,010
	2,38,14,811	2,35,47,659
25 Finance costs		
Interest expenses		
On vehicle loan	12,863	97,329
Others - Interest on delayed/deferred payment of income tax	7,08,824	5,34,815
	7,21,687	6,32,144
26 Depreciation and amortisation expense		
Depreciation on tangible assets (refer note 12)	1,55,06,662	1,51,29,375
Amortisation on intangible assets (refer note 13)	-	9,194
	1,55,06,662	1,51,38,569

Cosmos Premises Private Limited
Notes to the financial statements

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
27 Other expenses		
Guest transportation	21,06,079	19,95,840
Linen and room supplies	52,54,242	40,19,252
Catering and other kitchen supplies	6,77,247	3,68,801
Uniform washing and laundry	21,38,331	20,94,181
Contract charges	89,20,910	76,76,648
Power, fuel and water	78,57,594	79,10,766
Management fee (refer not 29 (iii))	1,04,54,641	77,49,474
Spa expense	16,59,061	18,18,014
Security charges	24,33,415	18,69,647
Communication	8,44,574	7,68,618
Printing and stationery	8,91,144	6,41,584
Repairs and maintenance		
- Buildings	36,96,718	37,51,596
- Plant and equipment	19,97,810	16,92,638
- Others	3,57,658	4,71,326
Insurance	4,34,319	3,32,433
Commission and brokerage	58,32,544	39,26,769
Rates and taxes	12,29,154	11,57,962
Legal and professional	1,53,89,491	3,08,45,015
Travelling and conveyance	8,06,904	7,97,889
Advertisement and business promotion	54,37,537	26,46,755
Provision for doubtful trade receivables	36,47,414	8,88,933
Bank charges	2,04,012	92,321
Miscellaneous	3,72,005	3,32,750
	8,26,42,804	8,38,49,212
28 Earnings per share		
Weighted average number of shares outstanding	4,04,762	4,04,762
Net profit after tax attributable to equity shareholders in ₹	2,15,60,601	1,01,10,625
Basic and diluted earnings per share in ₹	53.27	24.98
Nominal value per equity share in ₹	10	10

Cosmos Premises Private Limited
Notes to the financial statements

29 Related parties

i. Parties where control exists

Name of party	Nature of relationship
Royal Orchid Hotels Limited	Holding company
Vascon Engineers Limited	Entity having significant influence
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary

ii. Key Management Personnel (KMP)

Mrs. Sunita Baljee	Director
Mr. D. Santhanam	Director

iii. Transactions with related parties during the year:

Nature of transactions	Relationship	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Management fees expense			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	1,04,54,641	77,49,474
Consultation fee expense			
Royal Orchid Hotels Limited	Holding company	45,00,000	-
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	-	1,43,81,100
Vascon Engineers Limited	Entity having significant influence	75,01,800	1,43,81,100
Business promotion expense			
Royal Orchid Hotels Limited	Holding company	30,00,000	-
Dividend paid			
Royal Orchid Hotels Limited	Holding company	1,00,17,810	-
Vascon Engineers Limited	Entity having significant influence	87,81,350	-
Loan recovered			
Royal Orchid Hotels Limited	Holding company	-	46,66,140
Interest income			
Royal Orchid Hotels Limited	Holding company	-	17,25,261

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

Name of the related party	Relationship	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Current account balances			
Royal Orchid Hotels Limited	Holding company	83,99,167	1,51,40,080
Interest accrued			
Royal Orchid Hotels Limited	Holding company	-	3,40,706
Management fee payable			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	18,43,241	26,57,311
Dues outstanding from			
Vascon Engineers Limited	Entity having significant influence	46,23,424	-

Cosmos Premises Private Limited

Notes to the financial statements

30 Employee benefit plans

a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 931,992 (Year ended 31 March 2016: ₹ 837,965) for Provident Fund contributions, and ₹ 337,221 (Year ended 31 March 2016: ₹ 307,679) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

The Company offers gratuity benefit scheme to its employees, included under 'Employee benefits expense' in note 24. The following table sets out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	7,46,841	6,58,095
Service cost	3,09,548	3,25,855
Interest cost	59,704	51,441
Benefits paid	(27,280)	(76,154)
Actuarial (gain)/ loss	(39,291)	(2,12,396)
Projected benefit obligation at the end of the year	10,49,522	7,46,841
Components of net gratuity costs are		
Service cost	3,09,548	3,25,855
Interest cost	59,704	51,441
Net actuarial (gain)/loss recognised in the year	(39,291)	(2,12,396)
Expense recognised in Statement of Profit and Loss	3,29,961	1,64,900
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	10,49,522	7,46,841
Fair value of plan assets	-	-
Liability recognised in the Balance Sheet	10,49,522	7,46,841
Current Liability	1,65,829	11,167
Non-current liability	8,83,693	7,35,674
Assumptions used for gratuity and compensated absences		
Discount rate	7.45%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition for various categories of employees are in the range of	2% - 5%	2% - 5%
Mortality rates (<i>LAL: Indian Assured Lives Mortality (2006-08) modified Ult.</i>)	100% of IAL	100% of IAL

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

Experience adjustments:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Defined Benefit Obligation	10,49,522	7,46,841	6,58,095	4,89,322	6,11,161
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	10,49,522	7,46,841	6,58,095	4,89,322	6,11,161
Experience adjustments on liabilities: gain/(loss)	97,148	1,93,254	2,60,656	1,66,450	4,98,362
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

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

Cosmos Premises Private Limited
Notes to the financial statements

		Year ended 31 March 2017	Year ended 31 March 2016
		₹	₹
31	Earnings in foreign currency		
	Income from operations	1,03,31,065	29,22,503
32	Expenditure in foreign currency		
	Commission	16,49,492	14,00,150
33	Imported and indigenous consumption		
	Food and beverages consumed (refer note 23)		
	Imported	-	-
	Indigenous	1,44,35,622 100%	1,27,61,619 100%
		1,44,35,622 100%	1,27,61,619 100%
34	Value of imports calculated on CIF basis		
	The Company did not import any materials or capital goods during the year. Accordingly, disclosure under clause 5(viii)(a) to the General Instructions for preparation of Statement of Profit and Loss as per Schedule III to the Companies Act, 2013 is not applicable.		
35	Payments to the statutory auditors (net of service tax input credit) *		
	For audit	5,00,000	5,00,000
		5,00,000	5,00,000

* Included in legal and professional under note 27

Cosmos Premises Private Limited

Notes to the financial statements

36 Segment information

The Company's business comprises the operation of a hotel, the services of which represents one business segment. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment- wise information is not applicable to the Company.

37 Commitments and contingencies

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
(i) Claims against the Company not acknowledged as debts - Bonus	2,09,945	2,09,945
(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	3,76,141

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

Pursuant to notification G.S.R 508(E) dated March 30, 2017, issued by Ministry of Corporate Affairs, the details of Specified Bank Notes (SBN's) and Other Denomination Notes held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	1,38,500	20,282	1,58,782
Add: Permitted receipts	-	16,91,933	16,91,933
Less: Permitted payments	-	5,72,941	5,72,941
Less: Amount deposited in banks	1,38,500	9,81,490	11,19,990
Closing cash in hand as on 30.12.2016	-	1,57,784	1,57,784

The term Specified Bank Notes shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic affairs number S.O. 3047(E), dated the November 8, 2016.

39 Employee Stock Option Plan

The Holding Company operates certain share plans under which share options have been granted to some of the Company's employees. As per the Guidance Note on "Accounting for Employee Share Based Payments", issued by the Institute of Chartered Accountants of India, which is recommendatory, the Company is required to record compensation costs and disclose information relating to the options granted to the employees of the Company under the Share Plans. The Share Plans are assessed, managed and administered by the Holding Company, over whose shares the options are granted. The Holding Company has not transferred any charge on account of such stock expense to the Company. Consequently, the Company has not accounted for and disclosed the details of the Share Plans as per the said Guidance Note.

40 Comparatives

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

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Place: Bengaluru
Date: 25 May 2017

Sd/-
M.Krishnamurthi
Director
DIN: 00037763

Place: Pune
Date: 25 May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED**Auditor's report (continued)**

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- i. The company does not have any Fixed Assets hence accordingly this clause is not applicable
- ii. The Company does not hold any inventory and hence this clause is not applicable.
- iii. The Company not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013, hence this clause is not applicable.
- iv. The company has not granted any of loans, investments, guarantees, and security under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. The company is generally regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, wherever applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- ix. The company has not raised moneys by way of initial public offer or further public offer during the year and the company has not availed any new terms loans during the year.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- xi. The company has not paid / provided managerial remuneration during the year hence this clause not applicable
- xii. The company is not a Nidhi company hence this clause is not applicable

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- xiv. The company has not issued any shares or Debentures during the year hence this clause is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him hence this clause not applicable
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause not applicable

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Associated Hotels Private Limited

Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017	As at 31 March 2016
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	3	50,00,000	50,00,000
Reserves and surplus	4	97,38,879	2,36,02,970
		1,47,38,879	2,86,02,970
Share application money pending allotment			
<i>Non-current liabilities</i>			
Long-term borrowings	5	5,67,55,460	6,04,56,770
Deferred tax liabilities (net)	6		
Other long term liabilities			
Long-term provisions	7	51,47,455	39,44,559
		6,19,02,915	6,44,01,329
<i>Current liabilities</i>			
Short-term borrowings	5	-	-
Trade payables	8	1,63,76,541	1,26,46,339
Other current liabilities	9	5,68,07,936	4,38,20,964
Short-term provisions	7	8,58,359	57,82,474
		7,40,42,836	6,22,49,777
Total		15,06,84,630	15,52,54,076
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets			
Deferred tax assets (net)	6	16,68,803	19,87,772
Long-term loans and advances	10	4,11,37,921	4,37,47,731
		4,28,06,724	4,57,35,503
<i>Current assets</i>			
Inventories	11	-	-
Trade receivables	12	10,27,05,198	10,24,68,708
Cash and bank balances	13	51,72,708	70,16,207
Short-term loans and advances	10	-	-
Other current assets	14	-	33,658
		10,78,77,906	10,95,18,573
Total		15,06,84,630	15,52,54,076

Notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For M/s P.Chandrasekar

Chartered Accountants

For Royal Orchid Associated Hotels Pvt Ltd.

Sd/-
S Rajagopalan
Partner

Bengaluru
27th May 2017

Sd/-
Moumita Mukherjee
Director
DIN: 07735593

Bengaluru
27th May 2017

Sd/-
Pushpinder Kumar
Director
DIN: 07139363

Bengaluru
27th May 2017

Royal Orchid Associated Hotels Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

	Notes	Year Ended 31 March 2017	Year ended 31 March 2016
Revenue			
Revenue from operations	15	10,80,73,833	10,44,89,612
Other income	16	5,32,49,872	23,14,955
Total Revenue		16,13,23,705	10,68,04,566
Expenses			
Food and beverages consumed			
Employee benefit expenses	17	8,32,59,491	4,86,25,378
Finance costs	18	8,000	5,728
Depreciation and amortisation expense	19	-	-
Other expenses	20	9,02,53,172	5,17,39,713
Total Expenses		17,35,20,663	10,03,70,819
Profit before tax		(1,21,96,958)	64,33,748
Exceptional items			
Profit / (loss) before extraordinary items and tax		(1,21,96,958)	64,33,748
Extraordinary items			
Profit / (loss) before tax		(1,21,96,958)	64,33,748
Tax expense			
Current tax		13,48,164	41,14,961
Deferred tax		3,18,969	(6,39,463)
Minimum alternative tax credit			
Profit for the year		(1,38,64,091)	29,58,250
Earnings per equity share			
Basic/Diluted			
Notes form an integral part of these financial statements			

This is the statement of profit and loss referred to in our report of even date

For M/s P.Chandrasekar
Chartered Accountants

For Royal Orchid Associated Hotels Pvt Ltd.

Sd/-
S Rajagopalan
Partner

Bengaluru
27th May 2017

Sd/-
Moumita Mukherjee
Director
DIN: 07735593

Bengaluru
27th May 2017

Sd/-
Pushpinder Kumar
Director
DIN: 07139363

Bengaluru
27th May 2017

Royal Orchid Associated Hotels Private Limited
Cash Flow Statement for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net Profit/ (Loss) before tax	(1,21,96,958)	64,33,748
Adjustment for:		
Depreciation	-	-
Operating profit before working capital changes	(1,21,96,958)	64,33,748
Changes in working capital :		
Decrease in loans and advances	50,23,267	(71,97,629)
Increase in trade receivables and other current assets	(2,02,832)	(3,41,60,811)
Increase in liabilities and provisions	1,71,10,916	4,69,77,169
Taxes paid	(78,76,582)	(1,27,71,787)
Net cash generated from/(used in) operating activities	18,57,811	(7,19,310)
B. Cash flows from investing activities	-	-
Net cash used in investing activities	-	-
C. Cash flows from financing activities		
Repayment of borrowings	(37,01,310)	-
Proceeds from borrowings	-	65,28,768
Net cash (used in)/generated from financing activities	(37,01,310)	65,28,768
Net increase in cash and cash equivalents (A+B+C)	(18,43,499)	58,09,458
Cash and cash equivalents at the beginning of the year	70,16,207	12,06,749
Cash and cash equivalents at the end of the year (see note 13)	51,72,708	70,16,207

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

For M/s P.Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Bengaluru
27th May 2017

For Royal Orchid Associated Hotels Pvt Ltd.

Sd/-
Moumita Mukherjee
Director
DIN: 07735593

Bengaluru
27th May 2017

Sd/-
Pushpinder Kumar
Director
DIN: 07139363

Bengaluru
27th May 2017

Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts	Number	Amounts
3 Share capital				
Authorised share capital				
Equity shares of ₹10 each	20,00,000	2,00,00,000	20,00,000	2,00,00,000
	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	5,00,000	50,00,000	5,00,000	50,00,000
	5,00,000	50,00,000	5,00,000	50,00,000
Total	5,00,000	50,00,000	5,00,000	50,00,000
a) <u>Shares held by Holding Company</u>				
Equity Shares of Rs.10 each				
A B Holding Pvt Ltd	4,80,000	48,00,000	4,80,000	48,00,000
b) Shareholders holding more than 5% of the shares				
A B Holding Pvt Ltd	4,80,000	48,00,000	4,80,000	48,00,000

c) There have been no changes in equity shares outstanding during the year

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

Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017	As at 31 March 2016
4 Reserves and surplus		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	2,36,02,970	2,06,44,720
Add : Profit for the year	(1,38,64,091)	29,58,250
Balance at the end of the year	<u>97,38,879</u>	<u>2,36,02,970</u>

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Long term	Short term	Long term	Short term
5 Borrowings				
Secured				
Term loans				
From bank				
	-	-	-	-
Unsecured				
Holding Company	94,28,501		94,28,501	
Ultimate Holding Company	4,73,26,959		5,10,28,269	
	5,67,55,460	-	6,04,56,770	-
Total borrowings	5,67,55,460	-	6,04,56,770	-

Note

- 1) The unsecured loan from the Holding Company is repayable on Demand.

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017	As at 31 March 2016
<hr/>		
6 Deferred taxes		
Deferred tax liabilities		
Timing difference on tangible assets depreciation and impairment		
Others (Timing difference on account of Leave encashment and gratuity provision)	(16,68,803)	(19,87,772)
Total	<u>(16,68,803)</u>	<u>(19,87,772)</u>

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Long term	Short term	Long term	Short term
7 Provisions				
Provisions for employee benefits				
Gratuity (Also refer note (a) below)	29,46,995	49,094	28,08,875	10,57,467
Leave Encashment	22,00,460	8,09,265	11,35,684	6,10,046
Provision for taxation (net of advance tax)			-	41,14,961
	51,47,455	8,58,359	39,44,559	57,82,474
a) Employee benefits				
(i) Gratuity and compensated absences				
Change in projected benefit obligation				
Projected benefit obligation at the beginning of the year		38,66,342		8,70,337
Service cost		10,15,617		8,56,438
Interest cost		3,09,087		68,031
Actuarial (gain) / loss		(21,94,957)		20,71,536
Benefits paid				
Liability recognised in Balance Sheet		29,96,089		38,66,342
Reconciliation of present value of obligation on the fair value of plan assets				
Present value of projected benefit obligation at the end of the year		29,96,089		38,66,342
Funded status of the plans				
Liability / (asset) recognised in the balance sheet		29,96,089		38,66,342
Components of net gratuity costs are				
Service cost		10,15,617		8,56,438
Interest cost		3,09,087		68,031
Expected returns on plan assets				
Recognized net actuarial (gain)/ loss		(21,94,957)		20,71,536
Expense recognised in the Statement of Profit and Loss		(8,70,253)		29,96,005
(ii) Assumptions used for gratuity and compensated absences				
Discount rate		7.45%		8.00%
Rate of return on plan assets		N/A		N/A
Salary escalation rate		7.00%		7.00%
Mortality rates		100% of IAL-2		100% of IAL-2
Attrition rate		2%-5%		2%-5%
Retirement Age		55 years for Male		55 years for Male
		45 years for Female		45 years for Female

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

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

Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017	As at 31 March 2016
8 Trade payables		
Dues to others	63,90,206	44,67,244
Dues to employees	99,86,335	81,79,095
	1,63,76,541	1,26,46,339
9 Other current liabilities		
Accrued expenses	20,21,461	19,00,562
Statutory dues (including provident fund, employee state insurance and tax deducted at source)	1,09,28,349	2,21,78,425
Group Companies - Payable	84,13,878	44,21,596
Advance received from customers	2,20,01,634	15,81,736
Other payables	1,34,42,613	1,37,38,645
	5,68,07,936	4,38,20,964

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Long term	Short term	Long term	Short term
10 Loans and advances				
Security deposits				
Ultimate Holding Company	-		48,00,000	
Others	78,08,343		77,78,343	
	78,08,343	-	1,25,78,343	-
Allowances for bad and doubtful deposits	-		-	
	78,08,343	-	1,25,78,343	-
Prepaid Expenses	62,64,725		65,12,415	
TDS Receivable as per books	2,59,07,752		2,34,94,296	
MAT Credit entitlement				
Other Advances	11,57,100		11,62,677	
	4,11,37,921	-	4,37,47,731	-

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017	As at 31 March 2016
11 Inventories (valued at cost or lower of net realisable value)		
Food and beverages		
Stores		
	-	-
12 Trade receivables		
Unsecured considered good	9,30,23,143	9,42,75,708
Less : Allowances for bad and doubtful debts		-
	9,30,23,143	9,42,75,708
Other debts		
Unbilled	96,82,054	81,93,000
	96,82,054	81,93,000
	10,27,05,198	10,24,68,708

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Current	Non-current	Current	Non-current
13 Cash and bank balances				
Cash and cash equivalents				
Cash on hand	24,004		35,196	
Cheques on hand				
Cash Imprest -	50,000		50,000	
- in current accounts	50,98,704		44,31,011	
- in deposit account (with maturity upto 3 months)	-		25,00,000	
Others (Specify)				
	51,72,708	-	70,16,207	-
Total	51,72,708	-	70,16,207	-
14 Other Current Assets				
Accruals				
Interest accrued on Fixed Deposits			33,658	
	-	-	33,658	

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Royal Orchid Associated Hotels Private Limited
Notes to the financial statements for the year ended 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
15 Revenue		
Management Fees	10,80,73,833	10,44,89,612
	10,80,73,833	10,44,89,612
16 Other income		
Other Mis Income	5,30,66,433	18,90,375
Interest income on FD	364	4,24,580
Interest income on Income Tax Refund	1,83,075	-
Management Fees	-	-
	5,32,49,872	23,14,955
17 Employee benefit expense		
Salaries, wages and bonus	8,19,90,173	4,20,79,422
Contribution to gratuity (Also, refer note 8)	(10,55,916)	38,66,342
Leave Encashment	11,86,795	17,45,730
Staff welfare expenses	11,38,439	9,33,884
	8,32,59,491	4,86,25,378
18 Finance costs		
Bank charges	8,000	5,728
	8,000	5,728
19 Depreciation and amortisation expense		
Depreciation of tangible assets		-
	-	-
20 Other expenses		
Telephone, internet and fax	14,29,308	15,43,653
Printing and stationery	13,63,757	6,45,001
Subscription charges	17,70,325	2,13,959
Rent	67,26,150	74,62,236
Repairs and maintenance		
- Buildings		
- Plant and equipment		
- Others	17,49,554	17,30,247
Insurance	6,12,696	95,375
Legal and professional charges	4,04,88,555	2,75,92,980
Travelling and conveyance	1,15,37,056	84,61,611
Advertisement and business promotion	84,12,643	22,45,775
Rates and taxes	1,03,67,869	6,07,728
Deposit written off	48,00,000	-
News Papers, Books & periodicals	32,604	28,334
Electricity Charges	6,54,716	6,46,158
Miscellaneous expenses	3,07,940	4,66,657
	9,02,53,172	5,17,39,713

Royal Orchid Associated Hotels Private Limited.

NOTES TO THE FINANCIAL STATEMENTS

1. Background

Royal Orchid Associated Hotels Pvt. Ltd. ("the Company") was incorporated on 25.08.06 to carry on the business hotels/holiday resorts and related services. M/s. A B Holdings Private Limited holds 96% of equity shares and balance 2% hold by Mr. C.K.Baljee and 2% by Mrs. Sunita Baljee.

2. Significant Accounting Policies and Notes to Accounts

2.1 Basis of preparation

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

2.3 Revenue recognition

Revenue comprise of income from Management Fees & Technical Fees, are recognized as the services are rendered based on agreements with the concerned parties.

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

2.4 Fixed assets

Fixed assets will be stated at cost less accumulated depreciation and impairment losses. All costs relating to acquisition and installation of fixed assets will be capitalized.

Royal Orchid Associated Hotels Private Limited.

2.5 Leases

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

2.6 Impairment of assets

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

2.7 Retirement benefits

The Company provides for gratuity and bonus, a defined benefit plan in accordance with the rules of the company based on actuarial valuation carried out at the balance sheet date, by an independent actuary.

Contributions payable to the recognized Provident Fund and Employees state Insurance scheme, which are defined contribution schemes, which are charged to the profit and loss account as incurred.

2.8 Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income of the year.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

2.9 Earnings per share

The earnings considered in ascertaining EPS comprise the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive

Royal Orchid Associated Hotels Private Limited.

potential equity shares unless the results would be anti - dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.10 Provisions and contingent liabilities

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

2.11 Impairment of Assets

The company is not holding either tangible or intangible assets other than current assets, hence impairment of assets does not arise during the year.

2.12 Employee Benefit

The company has not made provision towards gratuity and leave encashment payable to the employees as on 31st March 2016. The management is of the opinion that such provision would be made at the time of payment.

2.13 Company's operations are spread across the country and the services provided by the company are governed by State as well as Central Statutes. The State statutes relating to levy, collection and payment of taxes are not uniform across the States, management has represented that it has complied with the respective statutes including compliances with labor and employee benefit related statutes.

2.14 Recoverability Of Loans And Advances

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities have been made in the accounts.

2.15 Dues To Micro And Small Enterprises

During the year under review, the company has not identified Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, and the resultant interest provision are not ascertainable.

Royal Orchid Associated Hotels Private Limited.

I. RELATED PARTY TRANSACTIONS

Parties where control exists include

Name of the party

Nature of relationship

A B Holdings Private Limited
Royal Orchid Hotels Ltd.

Holding Company
Ultimate Holding Company

Name of the Party Advances Payable to	Nature of Relationship	Transactions during the year Rs.	Outstanding as on 31.03.2017 Rs.	Outstanding as on 31.03.2016 Rs.
A.B. Holdings Pvt. Ltd.	Holding Company	-	94,28,501	94,28,501
Royal Orchid Hotels Ltd.	Ultimate Holding Company	(37,01,310)	4,73,26,950	5,10,28,269

II. Segmental Information

The Company's business comprises the operation of hotel, the services of which represent one business segment as they are subject to risks and returns that are similar to each other. Further the company derives its entire revenues from services rendered in India, consequently, the disclosure of business and geographic segment-wise is not applicable to the company transactions.

III. Prior Year Comparatives

The Company has prepared financial statements, in accordance with AS-25. Previous year figures have been regrouped or rearranged wherever necessary.

IV. Foreign currency transactions

(a) Initial Recognition

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

(b) Conversion

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

Royal Orchid Associated Hotels Private Limited.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	20,495	20,495
Add: Permitted receipts	-	1,10,000	1,10,000
Less: Permitted payments	-	1,20,447	1,20,447
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	10,048	10,048

For M/s. P Chandrasekar
Chartered Accountants

Sd/-

S Rajagopalan
Partner

Place: Bengaluru
Date: 27th May 2017

For and on behalf of the Board of Directors

Sd/-

Moumita Mukherjee
Director
DIN: 07735593

Place: Bengaluru
Date: 27th May 2017

Sd/-

Pushpinder Kumar
Director
DIN: 07139363

Place: Bengaluru
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID JAIPUR PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the 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.

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- i.
 - a) The Company has maintained proper record showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties - Freehold Land represents undivided land jointly with the Holding Company - Royal Orchid Hotels Limited and fellow subsidiary Royal Orchid South Private Limited.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and material discrepancies were noticed have been properly dealt with in the books of account.
- iii. The Company not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013, hence this clause is not applicable.
- iv. The company has not granted any of loans, investments, guarantees, and security under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. The company is generally regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, wherever applicable to it. *However there were delays in making payments raging 68 days from the due date in few cases.*

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

- ix. The company has not raised moneys by way of initial public offer or further public offer during the year and the company has not availed any new terms loans during the year.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- xi. The company has not paid / provided managerial remuneration during the year hence this is clause not applicable
- xii. The company is not a Nidhi company hence this clause is not applicable
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- xiv. The company has not issued any shares or Debentures during the year hence this clause is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him hence this clause not applicable
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause not applicable

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Jaipur Private Limited
Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and Liabilities			
<i>Shareholders' funds</i>			
Share capital	3	1,66,00,000	1,66,00,000
Reserves and surplus	4	1,60,07,086	2,33,12,296
		3,26,07,086	3,99,12,296
<i>Non-current liabilities</i>			
Long-term borrowings	5	-	-
Deferred tax liability, net	6	-	-
Long-term provisions	7	5,35,585	5,37,087
		5,35,585	5,37,087
<i>Current liabilities</i>			
Short-term borrowings	8	-	-
Trade payables	9	-	-
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		91,39,010	93,06,103
Other current liabilities	10	3,32,12,751	1,39,02,927
Short-term provisions	11	1,19,917	92,640
		4,24,71,678	2,33,01,670
Total		7,56,14,349	6,37,51,053
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	12	1,08,90,422	1,24,09,623
Intangible assets	13	46,683	1,19,814
Deferred tax assets (net)	6	70,414	1,72,415
Long-term loans and advances	14	2,71,29,895	2,69,55,802
Other non-current assets	17	-	30,02,721
		3,81,37,414	4,26,60,375
<i>Current assets</i>			
Inventories	15	10,37,850	13,88,115
Trade receivables	16	67,61,100	87,26,230
Cash and bank balances	17	1,73,78,541	19,85,077
Short-term loans and advances	18	1,19,09,349	86,69,619
Other current assets	19	3,90,095	3,21,637
		3,74,76,935	2,10,90,678
Total		7,56,14,349	6,37,51,053

See accompanying notes to Financial Statements.

As per our report of even date.

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Bengaluru
27th May 2017

Sd/-
Chander K Baljee
Director
DIN: 00081844

Bengaluru
27th May 2017

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Bengaluru
27th May 2017

Royal Orchid Jaipur Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	20	6,79,55,071	7,99,36,120
Other income	21	5,88,973	8,79,309
Total revenue		6,85,44,044	8,08,15,429
Expenses			
Food and beverages consumed	22	73,19,341	96,49,452
Employee benefits expense	23	1,49,96,363	1,54,69,447
Finance costs	24	-	-
Depreciation and amortisation	25	16,18,354	17,45,856
Other expenses	26	5,18,13,195	5,18,62,276
Total expenses		7,57,47,253	7,87,27,031
Profit before tax		(72,03,209)	20,88,398
Tax expense			
Current tax		-	3,18,181
Deferred tax credit		1,02,001	(1,72,415)
Minimum alternative tax credit		-	-
		1,02,001	1,45,766
Profit/(Loss) for the year		(73,05,210)	19,42,632
Earnings per equity share of ₹ 10 each			
Basic/Diluted	27	(4.40)	1.17

See accompanying notes to Financial Statements.

As per our report of even date.

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Bengaluru
27th May 2017

Sd/-
Chander K Baljee
Director
DIN: 00081844

Bengaluru
27th May 2017

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Bengaluru
27th May 2017

Royal Orchid Jaipur Private Limited
Cash Flow Statement for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net profit before tax	(72,03,209)	20,88,398
Adjustments for:		
Depreciation and amortisation	16,18,354	17,45,856
Assets written off	-	-
Interest income	(99,255)	(5,05,082)
Interest expense, net	-	-
(Gain)/loss on sale of tangible assets	-	-
Liability no longer required, written back	-	-
Provision for doubtful debts	-	-
Operating profit before working capital changes	(56,84,110)	33,29,172
Changes in working capital:		
(Decrease)/Increase in provisions	25,775	(3,24,562)
Increase/(decrease) in trade payables and other liabilities	1,91,42,731	9,62,025
Decrease/(Increase) in trade receivables and unbilled revenue	18,96,673	(36,90,911)
(Increase)/Decrease in inventories	3,50,265	40,287
Decrease in loans and advances	(34,51,062)	(19,45,486)
Cash generated from operations	1,22,80,272	(16,29,475)
Direct taxes paid (net)	1,51,168	7,32,240
Net cash generated from operating activities	1,21,29,104	(23,61,715)
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress, net of project creditors and retention money payable)	(26,028)	(6,84,151)
Sale of fixed assets	-	-
Interest received	2,87,667	1,60,743
Change in project advances	-	-
Investment in debentures of subsidiary/jointly controlled entities	-	-
Investment in equity of a subsidiary	-	-
Loans given to subsidiaries	-	-
Loans repaid by subsidiaries	-	-
Change in other bank balances	(25,00,000)	-
Net cash (used in)/generated from investing activities	(22,38,361)	(5,23,408)

Royal Orchid Jaipur Private Limited
Cash Flow Statement for the year ended 31 March 2017 (Cont'd)

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
C. Cash flows from financing activities		
Interest paid	-	-
Proceeds from borrowings	-	-
Repayment of secured borrowings	-	-
Change in unclaimed dividend account	-	-
Repayment of unsecured borrowings	-	-
Change in bank overdraft, net	-	-
Net cash (used in) from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents (A+B+C)	98,90,743	(28,85,123)
Cash and cash equivalents at the beginning of the year	19,85,077	48,70,200
Cash and cash equivalents at the end of the year	1,18,75,820	19,85,077

Note:

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

As per our report of even date.

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Bengaluru
27th May 2017

Sd/-
Chander K Baljee
Director
DIN: 00081844

Bengaluru
27th May 2017

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Bengaluru
27th May 2017

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

1 Background

Royal Orchid Jaipur Private Limited ('the Company') was incorporated on 21 July 2005 as Royal Orchid Banjara Private Limited to provide hospitality services. The name of the Company was changed to Royal Orchid Jaipur Private Limited on 6 July 2006. It is a wholly owned subsidiary of Royal Orchid Hotels Limited.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(b) Use of estimates

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

(c) Revenue recognition

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

Income from services

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

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

Interest

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

(d) Fixed assets

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses. The cost of fixed assets comprises its purchase price and other costs attributable to bringing such assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

2 Summary of significant accounting policies (Cont'd)

(d) Fixed assets (Cont'd)

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(e) Depreciation and amortisation

Depreciation/amortization on fixed assets is provided on the straight-line method using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets, as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013. Assets individually costing less than ₹ 5,000 are fully depreciated in the period of purchase. The Useful Lives are:

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

(f) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowings costs that are directly attributable to the acquisition or construction of an assets that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of such assets. All other borrowing cost are expensed as incurred in the period they occur.

(g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the Statement of Profit and Loss.

(h) Inventory

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

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

2 Summary of significant accounting policies (Cont'd)

(i) Foreign currency transactions

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

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

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

(j) Leases

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

(k) Retirement benefits

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

Provident fund

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

Gratuity

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

Compensated absences

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

2 Summary of significant accounting policies (Cont'd)

(l) Tax expense

Current tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

(o) Provisions

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

(p) Onerous contracts

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

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

		As at 31 March 2017		As at 31 March 2016	
		Number	Amounts ₹	Number	Amounts ₹
3	Share capital				
	Authorised share capital				
	Equity shares of ₹ 10 each	20,00,000	20,00,00,000	20,00,000	20,00,00,000
		20,00,000	20,00,00,000	20,00,000	20,00,00,000
	Issued, subscribed and fully paid up				
	Equity shares of ₹ 10 each	16,60,000	1,66,00,000	16,60,000	1,66,00,000
		16,60,000	1,66,00,000	16,60,000	1,66,00,000
a)	Shares held by Holding Company				
	Equity shares of ₹10 each				
	Holding Company - Royal Orchid Hotels Limited	16,50,000	1,65,00,000	16,50,000	1,65,00,000
		16,50,000	1,65,00,000	16,50,000	1,65,00,000
b)	Shareholders holding more than 5% of the shares of the Company	No. of Shares	% of holding	No. of Shares	% of holding
	Equity shares of ₹ 10 each				
	Holding Company - Royal Orchid Hotels Limited	16,50,000	99.40%	16,50,000	99.40%
		16,50,000	99.40%	16,50,000	99.40%
c)	As per the records of the Company, including its register of shareholders/ members and other declarations received from the shareholders regarding beneficial interest, the balance shares are held by Mr. Chander K Baljee and Mr. Arjun Baljee represents the beneficial ownership of shares.				
d)	Reconciliation of share capital				
	There have been no changes in equity shares outstanding during the current and previous years.				
e)	Terms and rights attached to equity shares				
	The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian Rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
f)	Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date				
	The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2017. Further, the Company has not issued any shares for a consideration other than cash.				

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Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
4 Reserves and surplus		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	2,33,12,296	2,13,69,664
Add: Profit for the year	(73,05,210)	19,42,632
	1,60,07,086	2,33,12,296
	1,60,07,086	2,33,12,296
5 Long-term borrowings		
	-	-

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
6 Deferred tax liability, net		
Deferred tax liabilities on		
Depreciation and amortisation	1,10,738	1,18,450
	1,10,738	1,18,450
Deferred tax assets on		
Carry forward losses	-	-
Provision for employee benefits	1,81,152	2,90,865
Provision for doubtful debts	-	-
	1,81,152	2,90,865
	(70,414)	(1,72,415)
7 Long-term provisions		
Provision for employee benefits		
Gratuity (refer note 29(b))	2,81,928	2,89,478
Compensated absences (refer note 29(b))	2,53,657	2,47,609
	5,35,585	5,37,087
8 Short-term borrowings		
	-	-

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Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
9 Trade payables		
Acceptances	-	-
Other than acceptances	91,39,010	93,06,103
	91,39,010	93,06,103

10 Other current liabilities		
Lease rent payable	2,47,41,393	66,15,508
Statutory dues	4,19,576	6,52,443
Dues to related parties	58,86,296	46,55,646
Others	21,65,486	19,79,330
	3,32,12,751	1,39,02,927

Note:

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

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
11 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 29(b))	31,551	4,676
Compensated absences (refer note 29(b))	88,366	87,964
	1,19,917	92,640

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

12 Tangible assets

Particulars							Amount in ₹
	Land (Freehold)	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computer equipments	Total
Gross Block							
Balance as at 01 April 2015	24,30,000	1,67,99,223	1,14,48,283	14,68,192	1,92,080	34,58,686	3,57,96,464
Additions	-	6,05,385	35,201	-	-	43,565	6,84,151
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2016	24,30,000	1,74,04,608	1,14,83,484	14,68,192	1,92,080	35,02,251	3,64,80,615
Additions	-	14,928	11,100	-	-	-	26,028
Disposals/Adjustments	-	-	-	-	-	-	-
Balance as at 31 March 2017	24,30,000	1,74,19,536	1,14,94,584	14,68,192	1,92,080	35,02,251	3,65,06,643
Accumulated depreciation							
Balance as at 01 April 2015	-	69,76,294	1,04,51,288	14,68,192	1,84,703	34,58,686	2,25,39,163
Charge for the year	-	12,00,851	3,19,526	-	3,698	7,758	15,31,833
Reversal on disposal	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	81,77,145	1,07,70,814	14,68,192	1,88,401	34,66,444	2,40,70,996
Charge for the year	-	12,10,113	3,17,427	-	3,679	14,005	15,45,224
Reversal on disposal/adjustments	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	93,87,259	1,10,88,241	14,68,192	1,92,080	34,80,449	2,56,16,221
Net block							
Balance as at 31 March 2016	24,30,000	92,27,463	7,12,670	-	3,679	35,806	1,24,09,623
Balance as at 31 March 2017	24,30,000	80,32,277	4,06,343	-	-	21,801	1,08,90,422

Notes:

- Land Freehold represents undivided land jointly with the Holding Company - Royal Orchid Hotels Limited and fellow subsidiary Royal Orchid South Private Limited

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

13 Intangible assets

Particulars	Amount in ₹
	Computer Software
Gross Block	
Balance as at 01 April 2015	5,88,326
Additions	-
Balance as at 31 March 2016	5,88,326
Additions	-
Balance as at 31 March 2017	5,88,326
Accumulated amortisation	
Balance as at 01 April 2015	2,54,489
Amortisation for the year	2,14,023
Reversal on disposals	-
Balance as at 31 March 2016	4,68,512
Amortisation for the year	73,131
Reversal on disposals	-
Balance as at 31 March 2017	5,41,643
Net block	
Balance as at 31 March 2016	1,19,814
Balance as at 31 March 2017	46,683

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Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
14 Long-term loans and advances (Unsecured, considered good)		
Security deposits for others	2,52,84,263	2,52,71,263
	<u>2,52,84,263</u>	<u>2,52,71,263</u>
Advance tax, net of provisions	18,45,632	16,84,539
	<u>18,45,632</u>	<u>16,84,539</u>
	<u>2,71,29,895</u>	<u>2,69,55,802</u>
15 Inventories		
Food and beverages	5,58,088	6,52,279
Stores and spares	4,79,762	7,35,836
	<u>10,37,850</u>	<u>13,88,115</u>

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Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
16 Trade receivables		
Outstanding for a period exceeding six months from the due date		
Unsecured, considered good	-	-
Unsecured, considered doubtful	42,52,830	42,52,830
	42,52,830	42,52,830
Other debts		
Unsecured, considered good	67,61,100	87,26,230
Unsecured, considered doubtful	-	-
	67,61,100	87,26,230
	1,10,13,929	1,29,79,060
Less: Provision for doubtful debts	(42,52,830)	(42,52,830)
	67,61,100	87,26,230
17 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	1,07,20,219	8,21,760
- in deposit accounts (with maturity upto 3 months)	10,62,372	10,62,372
Cash on hand	93,229	1,00,945
	1,18,75,820	19,85,077
Other bank balances		
Balances with banks		
- in deposit accounts (with maturity more than 3 months but less than 12 months)	25,00,000	-
- in deposit accounts (with maturity more than 12 months)	-	-
- in deposit accounts earmarked for margin money for bank guarantee	30,02,721	30,02,721
	55,02,721	30,02,721
	1,73,78,541	49,87,798
18 Short-term loans and advances		
(Unsecured, considered good)		
Interest accrued on deposits	27,07,665	29,05,997
Prepaid expenses	13,70,933	13,14,839
Dues from related parties	77,56,858	44,28,129
Others	73,893	20,654
	1,19,09,349	86,69,619
19 Other current assets		
Unbilled revenue	3,90,095	3,21,637
	3,90,095	3,21,637

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
20 Revenue from operations		
From sale of services at hotels		
- Room nights	4,90,93,544	5,44,45,016
- Food and beverages	1,73,37,067	2,37,66,207
- Other services	15,24,460	17,24,897
	6,79,55,071	7,99,36,120
21 Other income		
Interest income		
- from bank deposits	99,255	5,05,082
- from Income Tax refund	61,380	-
Miscellaneous	4,28,338	3,74,226
	5,88,973	8,79,309
22 Food and beverages consumed		
Opening stock	6,52,279	7,31,867
Add : Purchases during the year	72,25,150	95,69,864
	78,77,429	1,03,01,731
Less : Closing stock	5,58,088	6,52,279
	73,19,341	96,49,452
23 Employee benefits expense		
Salaries and bonus	1,25,81,592	1,30,80,051
Contribution to provident fund and other defined contribution funds	4,48,937	4,96,439
Gratuity (refer note 31(b))	2,52,349	-
Staff welfare expenses	17,13,485	18,92,957
	1,49,96,363	1,54,69,447
24 Finance costs		
Interest expenses	-	-
	-	-
25 Depreciation and amortisation		
Tangible assets (refer note 12)	15,45,223	15,31,833
Intangible assets (refer note 13)	73,131	2,14,023
	16,18,354	17,45,856

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
26 Other expenses		
Guest transportation	1,82,139	1,72,822
Linen and room supplies	12,60,183	12,46,495
Catering and other kitchen supplies	3,05,431	5,26,396
Cablenet charges	2,03,366	1,24,300
Uniform washing and laundry	4,79,881	8,11,198
Hire Charges	11,24,217	14,75,274
Power, fuel and water	96,43,438	98,98,636
Security charges	4,37,808	4,85,560
Communication	7,49,872	7,20,246
Printing and stationery	3,77,440	3,58,568
Subscription charges	46,137	2,90,638
Rent	2,83,55,247	2,75,18,915
Repairs and maintenance		
- Buildings	72,788	1,47,260
- Plant and equipment	6,87,671	7,28,397
- Others	9,23,826	13,38,853
Insurance	5,31,275	90,945
Commission and brokerage	5,01,495	7,84,485
Rates and taxes	15,26,701	16,57,298
Legal and professional	4,23,251	7,48,582
Travelling and conveyance	4,33,304	6,43,973
Advertisement and business promotion	10,57,185	12,04,567
Bank charges	28,565	54,372
Miscellaneous	10,77,895	8,34,497
	5,18,13,195	5,18,62,276
27 Earnings per share		
Weighted average number of shares outstanding (in numbers)	16,60,000	16,60,000
Net profit after tax attributable to equity shareholders in ₹	(73,05,210)	19,42,632
Basic and diluted earnings per share in ₹	(4.40)	1.17
Nominal value per equity share in ₹	10	10

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

28 Related parties

i. Parties where control exists

Name of party	Nature of relationship
Royal Orchid Hotels Limited	Holding Company

ii. Key Management Personnel

Mr. Chander K Baljee	Director
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iii. Transactions during the year

Particulars	Nature of relationship	Year ended 31 March 2017	Year ended 31 March 2016
Royal Orchid Hotels Limited	Holding Company		
Loans repaid during the year		-	-

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

Particulars	Nature of relationship	Year ended 31 March 2017	Year ended 31 March 2016
Royal Orchid Hotels Limited			
Loan taken	Holding Company	-	-
Current account balance			
Royal Orchid Hotels Limited	Holding Company	(40,52,053)	(29,40,866)
Icon Hospitality Private Limited	Fellow Subsidiary	3,33,829	3,20,643
Cosmos Premises Private Limited	Fellow Subsidiary	(32,625)	(32,625)
Royal Orchid Associated Hotels Pvt Ltd	Fellow Subsidiary	79,13,218	44,29,065

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

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

29 Employee benefit plans

a) Gratuity and compensated absences

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

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	2,94,154	4,06,437
Service cost	1,30,974	1,25,583
Interest cost	23,515	31,770
Actuarial (gain)/ loss	97,860	(2,69,636)
Benefits paid	(2,33,024)	-
Liability recognised in the Balance Sheet	3,13,479	2,94,154
Components of net gratuity costs are		
Service cost	1,30,974	1,25,583
Interest cost	23,515	31,770
Recognised net actuarial loss/(gain)	97,860	(2,69,636)
Expense recognised in the Statement of Profit and Loss	2,52,349	(1,12,283)
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	3,13,479	2,94,154
Funded status of the plans	-	-
Liability recognised in the Balance Sheet	3,13,479	2,94,154
Assumptions used for Gratuity and Compensated absences		
Discount rate	7.45%	8.00%
Rate of return on plan assets	N/A	N/A
Salary escalation rate	7.00%	7.00%
Attrition rate	2% - 5%	2% - 5%
Retirement age	55 years for Male 45 years for Female	55 years for Male 45 years for Female
Mortality rates (<i>LAL: Indian Assured Lives Mortality (2006-08) modified Ult.</i>)	100% of IAL	100% of IAL

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

Experience adjustments:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Defined Benefit Obligation	3,13,479	2,94,154	4,06,437	5,24,387	9,77,989
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	3,13,479	2,94,154	4,06,437	5,24,387	9,77,989
Experience adjustments on liabilities: gain/(loss)	(77,381)	2,61,915	3,76,040	5,13,064	(1,75,772)
Experience adjustments on plan assets: gain/(loss)	-	-	-	-	-

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
30 Operating leases		
<p>The Company operates Hotel Royal Orchid Central in Jaipur, India and for the said property, the Company has leased the land and building and related equipments under a lease arrangement for a period of 19 years and 11 months, which is cancellable at the end of 10 years. These lease agreement includes an escalation of 3% every year over the lease period of the agreement.</p> <p>The lease expense for cancellable and non-cancellable operating leases is ₹ 2,83,55,247. (2016: ₹ 2,75,18,915)</p> <p>The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:</p>		
	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Payments falling due:		
Within 1 year	2,91,94,812	2,83,44,485
Later than one year but not later than five years	15,96,49,200	15,49,99,222
Later than 5 years	12,03,74,429	15,42,19,218
Total	30,92,18,441	33,75,62,925
31 Earnings in foreign currency		
Income from operations	32,98,874	18,72,249
32 Expenditure in foreign currency		
Commission	-	4,76,299
33 Imported and indigenous food and beverages consumed	Year ended 31 March 2017 Amount (₹) %	Year ended 31 March 2016 Amount (₹) %
Imported	- -	- -
Indigenous	73,19,341 100%	96,49,452 100%
	73,19,341 100%	96,49,452 100%
<p>Consumption above is net off ₹ 1,095,000 (31 March 2016 – ₹ 1,098,000) representing amounts utilised for internal consumption which has been classified under staff welfare.</p>		
34 Payments to the statutory auditors (net of service tax input credit)		
For audit	1,60,000	2,50,000
	1,60,000	2,50,000

Royal Orchid Jaipur Private Limited

Notes to the financial statements for the year ended 31 March 2017

35 Segment information

The Company's business comprises the operation of a hotel, the services of which represents one business segment. Further, the Company derives its entire revenue from services rendered in India. Consequently, the disclosure of business and geographic segment- wise information is not applicable to the Company.

36 Balance confirmation

The company had circulated balance confirmation letters to its Debtors, creditors, unsecured loans, capital advances and Project creditors confirmation from few of such parties are yet to be received , necessary reconciliation/ adjustment will be done on receipt of such confirmations.

37 Commitments and contingencies

Export Obligation

The Company has received various Export Promotion Capital Goods (EPCG) licenses which entitles it to import capital goods at a concessional rate of duty. Against these imports, the Company has an export obligation equal to eight times the duty amount saved. The Company's export turnover till date is in excess of this obligation. The company has a margin money deposit of ₹3,002,721 (31 March 2016 – ₹ 3,002,721) for the same with customs authority.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination	Total
Closing cash in hand as on 08.11.2016	99,500	37,119	1,36,619
Add: Permitted receipts	-	10,48,963	10,48,963
Less: Permitted payments	-	3,55,405	3,55,405
Less: Amount deposited in banks	99,500	6,74,002	7,73,502
Closing cash in hand as on 30.12.2016	-	56,675	56,675

39 Comparatives

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

As per our report of even date.

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Sd/-
Chander K Baljee
Director
DIN: 00081844

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Bengaluru
27th May 2017

Bengaluru
27th May 2017

Bengaluru
27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **AMAR TARA HOSPITALITY PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Amar Tara Hospitality Private Limited**Auditor's report (continued)**

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

Amar Tara Hospitality Private Limited

Auditor's report (continued)

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 15th May 2017

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- i.
 - a) The Company has maintained proper record showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties are held in the name of the company
- ii. The Company does not hold any inventory and hence this clause is not applicable.
- iii. The Company not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013, hence this clause is not applicable.
- iv. The company has not granted any of loans, investments, guarantees, and security under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. The company is generally regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, wherever applicable to it

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- ix. The company has not raised moneys by way of initial public offer or further public offer during the year and the company has not availed any new terms loans during the year.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across

Amar Tara Hospitality Private Limited**Auditor's report (continued)**

any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

- xi. The company has not paid / provided managerial remuneration during the year hence this clause not applicable
- xii. The company is not a Nidhi company hence this clause not applicable
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- xiv. The company has not issued any shares or Debentures during the year however, the company has received debenture application money of Rs.73.36 lacs during the year and as per the information and explanation provided to us the funds received has been used for the purposes for which it were raised.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him hence this clause not applicable
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause not applicable

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 15th May 2017

Amar Tara Hospitality Private Limited

Auditor's report (continued)

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Amar Tara Hospitality Private Limited**("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Amar Tara Hospitality Private Limited

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar**Chartered Accountants**

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 15th May 2017

Amar Tara Hospitality Private Limited
Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	3	35,50,00,000	35,50,00,000
Reserves and surplus	4	(10,94,13,413)	(7,65,80,540)
		24,55,86,587	27,84,19,460
<i>Non-current liabilities</i>			
Long-term borrowings	5	12,29,81,000	10,16,60,000
Other long-term liabilities	6	42,50,000	42,50,000
		12,72,31,000	10,59,10,000
<i>Current liabilities</i>			
Short-term borrowings	5	5,00,00,000	5,00,00,000
Trade payables	7	-	-
Other current liabilities	8	7,39,61,604	6,25,57,967
		12,39,61,604	11,25,57,967
Total		49,67,79,191	49,68,87,427
Assets			
<i>Non-current assets</i>			
Fixed assets (tangible)			
Land (freehold)		33,27,22,398	33,27,22,398
Capital work-in-progress	9	16,24,98,871	16,24,98,871
		49,52,21,269	49,52,21,269
<i>Current assets</i>			
Cash and cash equivalents	10	7,50,479	7,50,779
Short-term loans and advances	11	8,07,443	9,15,379
		15,57,922	16,66,158
Total		49,67,79,191	49,68,87,427

Summary of significant accounting policies and other explanatory information 2 - 20

Notes form an integral part of these financial statements.

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

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Bengaluru
15th May 2017

Sd/-
Amit Jaiswal
Director
DIN: 03448511
Bengaluru
15th May 2017

Sd/-
Chetan Tewari
Director
DIN: 07394065
Bengaluru
15th May 2017

Sd/-
Maurice Reddy
Chief Financial Officer
Bengaluru
15th May 2017

Sd/-
Ranabir Sanyal
Company Secretary
Bengaluru
15th May 2017

Amar Tara Hospitality Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue from operations		-	-
Expenses			
Employee benefits expense	12	-	2,00,000
Finance costs	13	3,13,27,569	2,70,40,732
Other expenses	14	15,05,304	19,96,527
		3,28,32,873	2,92,37,259
Loss before tax		(3,28,32,873)	(2,92,37,259)
Tax expense		-	-
Loss after tax		(3,28,32,873)	(2,92,37,259)
Loss per equity share of ₹ 10 each	15		
Basic/Diluted		(0.92)	(0.82)
Summary of significant accounting policies and other explanatory information	2 - 20		

Notes form an integral part of these financial statements.

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

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Bengaluru
15th May 2017

Sd/-
Amit Jaiswal
Director
DIN: 03448511
Bengaluru
15th May 2017

Sd/-
Chetan Tewari
Director
DIN: 07394065
Bengaluru
15th May 2017

Sd/-
Maurice Reddy
Chief Financial Officer
Bengaluru
15th May 2017

Sd/-
Ranabir Sanyal
Company Secretary
Bengaluru
15th May 2017

Amar Tara Hospitality Private Limited
Cash Flow Statement for the year ended 31 March 2017

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net loss before tax	(3,28,32,873)	(2,92,37,259)
Adjustment for:		
Interest expense	3,13,27,569	2,70,40,432
Operating profit before working capital changes	(15,05,304)	(21,96,827)
Changes in working capital :		
Decrease in loans and advances	1,07,936	-
Increase in liabilities and provisions	(27,35,139)	3,50,817
Net cash generated from/(used in) operating activities	(41,32,507)	(18,46,010)
B. Cash flows from investing activities		
Changes in capital work in progress (including interest capitalised)	-	(1,40,00,000)
Net cash used in investing activities	-	(1,40,00,000)
C. Cash flows from financing activities		
Proceeds from issue of Compulsorily Convertible Debentures	-	-
Proceeds towards debenture application money pending allotment	73,36,320	2,07,99,753
Proceeds from short term borrowings	-	-
Interest paid	(32,04,113)	(49,54,043)
Net cash (used in)/generated from financing activities	41,32,207	1,58,45,710
Net increase in cash and cash equivalents (A+B+C)	(300)	(300)
Cash and cash equivalents at the beginning of the year	7,50,779	7,51,079
Cash and cash equivalents at the end of the year (see note 10)	7,50,479	7,50,779

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

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Bengaluru
15th May 2017

For and on behalf of the Board of Directors

Sd/- Amit Jaiswal Director DIN: 03448511 Bengaluru 15th May 2017	Sd/- Chetan Tewari Director DIN: 07394065 Bengaluru 15th May 2017
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Sd/- Maurice Reddy Chief Financial Officer Bengaluru 15th May 2017	Sd/- Ranabir Sanyal Company Secretary Bengaluru 15th May 2017
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Amar Tara Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2017

1) Background

Amar Tara Hospitality Private Limited ('the Company') was incorporated on 29 July 2009. The Company has executed into a tripartite agreement with Royal Orchid Hotels Limited and Amar Tara Private Limited to develop a hotel project in Mumbai. The Company has commenced construction activities in April 2011. The Company has suspended the construction pending certain key approvals from the local authorities.

2) Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(b) Use of estimates

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

(c) Fixed assets

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses. The cost of fixed assets comprises its purchase price and other costs attributable to bringing such assets to its working condition for its intended use.

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

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

(d) Borrowing costs

Borrowings costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets for the period up to the completion of their acquisition or construction. All other borrowing cost as incurred are charged to the Statement of Profit and Loss.

(e) Impairment of assets

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

(f) Foreign currency transactions

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

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

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

Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2017

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

(g) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

(h) Contingent liabilities

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

(i) Onerous contracts

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

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Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Number	Amounts ₹	Number	Amounts ₹
3 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Issued share capital				
Equity shares of ₹ 10 each	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Subscribed and fully paid up				
Equity shares of ₹ 10 each	3,55,00,000	35,50,00,000	3,55,00,000	35,50,00,000
	3,55,00,000	35,50,00,000	3,55,00,000	35,50,00,000
a) Reconciliation of share capital				
Balance at the beginning of the year	3,55,00,000	35,50,00,000	3,55,00,000	35,50,00,000
Add: Subscribed during the year	-	-	-	-
Balance at the end of the year	3,55,00,000	35,50,00,000	3,55,00,000	35,50,00,000
b) Details of shares held by the holding company and its subsidiary				
Equity shares of ₹ 10 each				
Royal Orchid Hotels Limited - Holding Company	3,54,99,999	35,49,99,990	2,66,60,000	26,66,00,000
Royal Orchid Goa Private Limited - Fellow Subsidiary	1	10	-	-
	3,55,00,000	35,50,00,000	2,66,60,000	26,66,00,000
c) Shareholders holding more than 5% of the shares				
Equity shares of ₹ 10 each				
Royal Orchid Hotels Limited	3,54,99,999	35,49,99,990	2,66,60,000	26,66,00,000
Amar Tara Private Limited	-	-	88,40,000	8,84,00,000
	3,54,99,999	35,49,99,990	3,55,00,000	35,50,00,000

d) Terms and rights attached to equity shares

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

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

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2017. Further, the Company has not issued any shares for a consideration other than cash.

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
4 Reserves and surplus		
Surplus from Statement of profit and loss		
Balance at the beginning of the quarter	(7,65,80,540)	(4,73,43,281)
Add: Loss for the quarter	(3,28,32,873)	(2,92,37,259)
	(10,94,13,413)	(7,65,80,540)

Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
5 Borrowings				
Secured				
Loan from others	-	5,00,00,000	-	5,00,00,000
	-	5,00,00,000	-	5,00,00,000
Unsecured				
12,298,100 - 18%, Compulsorily Convertible Debentures of ₹ 10 each (refer note b)	12,29,81,000		10,16,60,000	-
	12,29,81,000	5,00,00,000	10,16,60,000	5,00,00,000

Notes:

a) Details of terms of repayment, guarantee and security for loan from others

Loan from others amounting ₹ 50 million is secured by way of first charge on the fixed assets and current assets of the Company, both present and future. Additionally, the loan from others is secured by the corporate guarantees of Royal Orchid Hotels Limited. Loan from others bear interest rate of 18% p.a.

The principal balance outstanding as at 31 March 2017 is ₹ 50 million and the interest payable outstanding as at 31 March 2017 is ₹ 15.95 million.

b) Compulsorily Convertible Debentures are convertible at par on or before 5 years at the option of the Debenture Holder from the date of allotment.

	As at 31 March 2017	As at 31 March 2016
	₹	₹
6 Other long term liabilities		
Advance from contractors	42,50,000	42,50,000
	42,50,000	42,50,000

Amar Tara Hospitality Private Limited**Notes to the financial statements for the year ended 31 March 2017**

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
<hr/>		
7 Trade payables		
Dues to micro enterprises and small enterprises (refer note below)	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Note:

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

8 Other current liabilities

Debenture application money pending allotment	36,42,601	1,76,27,281
Interest accrued on Compulsorily Convertible Debentures	4,20,41,248	2,20,17,792
Project creditors	58,66,589	61,46,089
Retention money payable	45,60,255	45,60,255
Interest accrued and due on borrowings	1,59,47,260	78,47,260
Statutory dues	9,50,234	29,17,763
Accrued expenses	6,97,984	11,86,094
Dues to employees	2,55,433	2,55,433
	<hr/>	<hr/>
	7,39,61,604	6,25,57,967
	<hr/>	<hr/>

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Amar Tara Hospitality Private Limited**Notes to the financial statements for the year ended 31 March 2017****9 Capital work-in-progress**

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Balance as at the beginning of the year	16,24,98,871	14,84,98,871
Project expenses		
Other project expense	-	1,40,00,000
	<u>16,24,98,871</u>	<u>16,24,98,871</u>
	As at 31 March 2017 ₹	As at 31 March 2016 ₹

10 Cash and cash equivalents

Balance with a bank - in current account	7,50,479	7,50,779
	<u>7,50,479</u>	<u>7,50,779</u>

11 Short term loans and advances
(Unsecured, considered good)

Advance to suppliers	7,49,443	3,99,288
Other receivables	-	4,58,091
Security deposit	58,000	58,000
	<u>8,07,443</u>	<u>9,15,379</u>

Amar Tara Hospitality Private Limited**Notes to the financial statements for the year ended 31 March 2017**

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
12 Employee benefits expense		
Salaries, wages and bonus	-	2,00,000
	-	2,00,000
13 Finance costs		
Interest expense on		
- unsecured loan from others	90,78,985	90,00,000
Interest on 18%, Compulsorily Convertible Debentures of ₹ 100 each	2,22,48,284	1,80,40,432
Bank charges	300	300
	3,13,27,569	2,70,40,732
14 Other expenses		
Rates and taxes	1,76,490	2,31,964
Legal and professional	6,71,833	6,84,632
Travelling and conveyance	39,421	21,197
Security charges	4,80,000	5,46,888
Power and fuel	50,760	31,042
Miscellaneous	86,800	4,80,804
	15,05,304	19,96,527
15 Earnings per share		
Weighted average number of shares outstanding (nos.)	3,55,00,000	3,55,00,000
Net loss after tax attributable to equity shareholders in ₹	(3,28,32,873)	(2,92,37,259)
Basic and diluted loss per share in ₹	(0.92)	(0.82)
Nominal value per equity share in ₹	10	10

(This space has been intentionally left blank)

Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2017 (Cont'd)

16 Related parties

i. Parties where control exists

Name of party	Nature of relationship
Royal Orchid Hotels Limited	Holding Company

ii. Key Management Personnel (KMP)

Mr. Amit Jaiswal	Managing Director
Mr. Vikas Passi	Director
Mr. Chetan Tewari	Director
Mr. Maurice Reddy	Chief Financial Officer
Mr. Ranabir Sanyal	Company Secretary

iii. Transaction with related party during the year:

<i>(Amount in ₹)</i>			
Nature of Transaction	Nature of relationship	Year ended 31 March 2017	Year ended 31 March 2016
<i>Loan availed during the year</i>			
Royal Orchid Hotels Limited	Holding Company	-	-
<i>Interest on Compulsorily Convertible Debentures</i>			
Royal Orchid Hotels Limited	Holding Company	2,22,48,284	1,80,40,432
<i>Investment in Compulsorily Convertible Debenture (including conversion of unsecured loans and interest accrued thereon into Compulsorily Convertible Debentures)</i>			
Royal Orchid Hotels Limited	Holding Company	2,13,21,000	2,36,60,000
<i>Investment in Debenture application money pending allotment</i>			
Royal Orchid Hotels Limited	Holding Company	73,36,320	2,07,99,753

iv. Balances payable to related party is summarised below:

<i>(Amount in ₹)</i>			
Nature of transactions	Nature of relationship	As at 31 March 2017	As at 31 March 2016
<i>Debenture Application Money</i>			
Royal Orchid Hotels Limited	Holding Company	36,42,601	1,76,27,281
<i>Interest accrued on Compulsorily Convertible Debentures (net of taxes deducted at source)</i>			
Royal Orchid Hotels Limited	Holding Company	4,20,41,248	2,20,17,792
<i>Corporate guarantee taken outstanding</i>			
Royal Orchid Hotels Limited	Holding Company	95,00,00,000	95,00,00,000

Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2017 (Cont'd)

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
17 Auditors' remuneration		
Statutory audit	85,000	75,000
	85,000	75,000
	As at 31 March 2017 ₹	As at 31 March 2016 ₹
18 Commitments and contingencies		
(a) Claims against company not acknowledged as debts	40,80,941	40,80,941
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for	5,15,63,900	5,15,63,900

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts			
Less: Permitted payments			
Less: Amount deposited in banks			
Closing cash in hand as on 30.12.2016	-	-	-

20 Comparatives

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

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

For P Chandrasekar

Chartered Accountants

Sd/-

S Rajagopalan

Partner

Bengaluru

15th May 2017

For and on behalf of the Board of Directors

Sd/-

Amit Jaiswal

Director

DIN: 03448511

Bengaluru

15th May 2017

Sd/-

Chetan Tewari

Director

DIN: 07394065

Bengaluru

15th May 2017

Maurice Reddy

Chief Financial Officer

Bengaluru

15th May 2017

Ranabir Sanyal

Company Secretary

Bengaluru

15th May 2017

AUDITOR'S REPORT

TO THE MEMBERS OF MULTI HOTELS LIMITED

Report on the Financial Statements

We have audited the financial statements of Multi Hotels Limited, which comprise the statement of financial position as at 31st March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 10.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Tanzanian Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Matters affecting the opinion

In common with many businesses of similar size and organization, the company's system of internal control as well as financial sustainability is dependent upon the close involvement of the directors.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Multi Hotels Limited as at 31st March 2017, and of its loss after current tax of TSh 87,189,321/- and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Tanzanian Companies Act 2002.

Report on Other Legal and Regulatory Requirements

As required by the Tanzanian Companies Act 2002 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- the company's statement of financial position and profit or loss account are in agreement with the books of account.

Dr. B.S. Sreekumar
Managing partner
Tanna Sreekumar Grant Thornton
Certified Public Accountants

Date:
Dar es Salaam

MULTI HOTELS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st MARCH 2017**

<u>Particulars</u>	<u>Reference</u>	<u>F.Y ended 31-Mar-2017 TShs</u>	<u>F.Y. ended 31-Mar-2016 TShs</u>
Revenue			
Revenue from business activities		-	-
Total revenue		-	-
Operating expenses			
Operating Expenses	Note 3	7,742,166	(7,521,146)
Operating (Loss) / Profit before depreciation and finance costs		7,742,166	(7,521,146)
Other Income			
Other Income	Note 4	-	-
(Loss) / Profit before depreciation, finance costs and tax		7,742,166	(7,521,146)
Depreciation and amortization	Note 7	-	-
Finance costs	Note 5	127,604,976	(214,238,719)
(Loss) / Profit before corporation tax		(135,347,141)	221,759,865
Corporation tax	Note 6 (a)	-	-
Deferred tax	Note 6 (b)	-	-
Total Comprehensive Income /(Loss)		(135,347,141)	221,759,865

The notes on pages 8 to 10 form part of these financial statements.

MULTI HOTELS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31st March 2017**

	<u>Reference</u>	<u>As At 31-Mar-2017</u>	<u>As At 31-Mar-2016</u>
<u>ASSETS</u>			
Non - Current Assets			
Property, Plant and Equipment & Capital WIP	Note 7	5,452,262,640	5,189,351,880
Pre-operative Expenses		372,257,319	372,257,319
Current Assets			
Other Receivables	Note 8	650,645,603	637,679,033
Bank balances and Cash	Note 9(a)	72,546,170	203,757,816
		723,191,773	841,436,849
Current Liabilities			
Bank balance overdrawn	Note 9(b)		
Trade and other Payables	Note 10	330,319,399	322,604,658
Net current assets/(liabilities)		392,872,373	518,832,191
Total assets			
		6,217,392,332	6,080,441,390
<u>Liabilities</u>			
Issued share capital	Page 6	30,000	30,000
Revaluation Surplus	Page 6	3,900,931,000	3,900,931,000
Accumulated Loss	Page 6	(434,479,558)	(299,132,417)
Unsecured Loans	Note 11	2,750,910,890	2,478,612,807
Total Liabilities		6,217,392,332	6,080,441,390

The notes on pages 8 to 10 form part of these financial statements.

These financial statements were approved by the Directors on 2017 and signed on its behalf on the same date by:

.....
Signature

.....
Name

MULTI HOTELS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st MARCH 2017**

	Issued share capital TShs	Accumulated losses TShs	Revaluation Surplus TShs	Total TShs
Balance as at 1st April 2016	30,000	(299,132,417)	3,900,931,000	3,522,038,805
Loss for the period ended 31st March 2017	-	(135,347,141)	-	(135,347,141)
Movement during the year ended 31st March 2017	-	-	-	-
Balance as at 31st March 2017	30,000	(434,479,558)	3,900,931,000	3,466,481,442

Issued share capital

The company's authorized share capital is TShs 500,000 divided into 500 shares of TShs 1,000 each. The shareholders of the company are as indicated below:

Shareholder	Consideration	No. of shares
Royal Orchid Hotels Limited	Cash	29
Chanderkamal Baljee	Cash	1
		30

MULTI HOTELS LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31st MARCH 2017

	Fin Year ended <u>31-Mar-2017</u>	Fin Year ended <u>31-Mar-2016</u> TShs
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(55,571,320)	(221,759,865)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	<u>(55,571,320)</u>	<u>(221,759,865)</u>
Working capital changes in:		
Other Receivables	(15,008,687)	(330,922,853)
Trade and other payables	8,293,663	27,579,392
	<u>(6,715,024)</u>	<u>(303,343,461)</u>
Cash used to finance operations	(62,286,344)	(525,103,326)
CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loan	62,984,142	927,086,465
Net cash flow from financing activities	<u>62,984,142</u>	<u>927,086,465</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in the Fixed Assets	(7,675,000)	(448,524,618)
Net Cash flow from Investing Activities	<u>(7,675,000)</u>	<u>(448,524,618)</u>
NET CASH FLOW FOR THE YEAR	(6,977,202)	(46,541,479)
Opening Cash and Cash Equivalents	<u>79,523,372</u>	<u>250,299,295</u>
Closing Cash and Cash Equivalents	<u><u>72,546,170</u></u>	<u><u>203,757,816</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:-		
Bank balances and Cash	72,546,170	203,757,816
	<u><u>72,546,170</u></u>	<u><u>203,757,816</u></u>

MULTI HOTELS LIMITED

FOR THE YEAR ENDED 31st MARCH 2017

1 PRINCIPAL ACCOUNTING POLICIES

Accounting convention

Transactions during the year which are denominated in foreign currencies are translated into Tanzanian Shillings at rates ruling at the transaction dates.

Monetary assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzanian Shillings at the rate of T. Shs 2,223.92 per USD as at 31st March 2017. The differences resulting from the translation are dealt with in the profit and loss account in the year in which they arise.

2 GOING CONCERN

The company has an accumulated loss of TShs 434,479,558.30 as at 31st March 2017 which shall form a part of Pre-operative Expenses. With the change in the shareholding, the holding company is taking an initiative of developing the lease hold land in the coming years.

3 OPERATING EXPENSES	Fin. Yr ended 31-Mar-2017 TShs	Fin. Yr ended 31-Mar-2016 TShs
Operating expenses include the following:		
Auditor's remuneration	7,742,166	7,521,146
	<u>7,742,166</u>	<u>7,521,146</u>
4 OTHER INCOME		
Other Income	-	-
5 FINANCE COSTS		
Realised Exchange Loss / (gain)	(995,646)	(48,888,736)
Unrealised Exchange Loss / (gain)	125,046,887	257,958,322
Bank charges	3,553,735	5,169,133
	<u>127,604,976</u>	<u>214,238,719</u>

6 TAX

- (a) There is no corporation tax charge for the year since the company has a tax loss of T Shs 87,189,321/- as at 31st March 2017 and commercial activities are yet to commence.

(b) **Deferred Tax**

Provision is made when income, expenditure or depreciation falls into different periods for accounting and for tax purpose. The provision is calculated at rates of tax current at the balance sheet date. Provision is made only when the directors consider that a tax charge or benefit is likely to crystallise in the foreseeable future.

MULTI HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued)
FOR THE YEAR ENDED 31st MARCH 2017

7 PROPERTY, PLANT AND EQUIPMENT

	Lease Hold Land	Capital Work in Progress	Total
	<u>TShts</u>	<u>TShts</u>	<u>TShts</u>
<u>Cost</u>			
As at 1st April 2016	3,945,931,000	1,243,420,880	5,189,351,880
Additions/Transfer		262,910,760	262,910,760
Land Development Expenses		-	-
Revaluation surplus		-	-
Disposal/Transfer		-	-
As at 31st March 2017	3,945,931,000	1,506,331,640	5,452,262,640
<u>Depreciation</u>			
As at 1st April 2016	-	-	-
Charge for the quarter	-	-	-
Adjustment	-	-	-
Disposal	-	-	-
As at 31st March 2017	-	-	-
<u>Net book amount</u>			
As at 31st March 2017	3,945,931,000	1,506,331,640	5,452,262,640
As at 31st March 2016	-	-	-
Property, plant and equipment are revalued in accounts based on valuation report issued by professional			

MULTI HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued) FOR THE YEAR ENDED 31st MARCH 2017

	As At 31-Mar-2017 TShs	As At 31-Mar-2016 TShs
8 OTHER RECEIVABLES		
Advance to Directors (Old)	378,066,400	370,532,000
Advance to Directors (Ms. Prema)	272,579,203	267,147,033
Other receivables	-	-
	<u>650,645,603</u>	<u>637,679,033</u>
9(a) BANK BALANCES AND CASH		
Balance with Banks	72,546,170	203,757,816
	<u>72,546,170</u>	<u>203,757,816</u>
10 TRADE AND OTHER PAYABLES		
Trade payables	330,319,399	322,604,658
	<u>330,319,399</u>	<u>322,604,658</u>
11 UNSECURED LOANS		
Loan from Mr. Pyarali & Mr. Alnoor	20,468,536	20,468,536
Royal Orchid Hotels Ltd	2,730,442,354	2,458,144,271
	<u>2,750,910,890</u>	<u>2,478,612,807</u>

Prior to Royal Orchid Hotels Limited acquisition, Mr. Pyarali & Mr. Alnoor were the shareholders and these were loans financed by the shareholders for funding preoperative expenses. With the change in shareholding, this loans is required to be settled in accordance with the Share Purchase agreement.

12 COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in Tanzania under the then Companies Ordinance, Cap 212, now Companies Act, 2002 and domiciled in Tanzania. The postal address of its registered office is:-

Multi Hotels Limited
P O Box 1889
Dar Es Salaam

13 HOLDING COMPANY

The ultimate holding company is Royal Orchid Hotels Limited, incorporated in India.

14 COMPARATIVE FIGURES

Wherever considered necessary, the comparative figures have been regrouped to confirm with the current year's presentation.

15 CURRENCY

These financial statements are presented in Tanzanian Shillings.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED

Auditor's report (continued)

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

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

Opinion

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

Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements:

- a) Note 'VII' in the financial statements which indicates that the company has accumulated losses and its net worth has been fully eroded, the company has incurred a net cash loss during the current and previous year(s) and, the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matter set forth in Note 'VII', indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. As the company has not met the qualifying requirement of 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, the same is not forming part of our report.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED

Auditor's report (continued)

- (c) The Balance Sheet and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.25349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED

Auditor's report (continued)

Annexure - A to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Maharashtra Private Limited
Balance Sheet as at 31 March 2017

Particulars		Note No.	As at 31 March 2017	As at 31 March 2016
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	5,00,000	5,00,000
	(b) Reserves and surplus	2	(23,22,245)	(22,92,795)
	(c) Money received against share warrants			
2	Share application money pending allotment			
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	3	2,50,83,397	2,50,82,997
	(b) Trade payables	4	-	-
	(c) Other current liabilities	5	45,925	17,175
	(d) Short-term provisions			
	TOTAL		2,33,07,077	2,33,07,377
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets			
	(ii) Intangible assets			
	(iii) Capital work-in-progress (land)		2,32,72,014	2,32,72,014
	(iv) Intangible assets under development			
	(v) Fixed assets held for sale			
2	Current assets			
	(d) Cash and cash equivalents	6	35,063	35,363
	(e) Short-term loans and advances	7	-	-
	TOTAL		2,33,07,077	2,33,07,377
	See accompanying notes forming part of the financial statements	9		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 27th May 2017

Royal Orchid Maharashtra Private Limited Statement of Profit and Loss for the year ended 31 March 2017				
Particulars		Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	-
3	Total revenue (1+2)			
4	Expenses			
	Other expenses	8	29,450	17,475
	Total expenses		29,450	17,475
5	Profit / (Loss) before exceptional and extraordinary items & Tax (3 - 4)		(29,450)	(17,475)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(29,450)	(17,475)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(29,450)	(17,475)
10	Tax expense:			
11	Profit / (Loss) from continuing operations (9 ± 10)		(29,450)	(17,475)
12	Profit / (Loss) for the year		(29,450)	(17,475)
13	Earnings per share (of ` 10/- each):			
	(a) Basic		(5.89)	(3.50)
	(b) Diluted		(5.89)	(3.50)
	See accompanying notes forming part of the financial statements	9		
In terms of our report attached. For P Chandrasekar Chartered Accountants Sd/- S Rajagopalan Partner Place : Bangalore Date : 27th May 2017				
For and on behalf of the Board of Directors Sd/- Chander K. Baljee Director DIN:00081844 Place : Bangalore Date : 27th May 2017				
Sd/- Chetan Tewari Director DIN:07394065 Place : Bangalore Date : 27th May 2017				

Royal Orchid Maharashtra Private Limited
Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity shares of Rs 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
(b) Issued Equity shares of Rs 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
(c) Subscribed and fully paid up Equity shares of Rs 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
Total		5,00,000		5,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	5,000		5,000
- Amount (in Rs)	5,00,000		5,00,000
Year ended 31 March, 2016			
- Number of shares	5,000		5,000
- Amount (in Rs)	5,00,000		5,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights Number of shares
As at 31 March, 2017	
Royal Orchid Hotels Ltd, the holding company	4,999
As at 31 March, 2016	
Royal Orchid Hotels Ltd, the holding company	4,999

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights Royal Orchid Hotels Ltd	4,999	99.98	4,999	99.98

Note 2 Reserves and surplus

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(22,92,795)	(22,75,320)
Add: Profit / (Loss) for the year	(29,450)	(17,475)
Closing balance	(23,22,245)	(22,92,795)
Total	(23,22,245)	(22,92,795)

Royal Orchid Maharashtra Private Limited
Notes forming part of the financial statements

Note 3 Short-term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Loans and advances from related parties Unsecured	2,50,83,397	2,50,82,997
Total	2,50,83,397	2,50,82,997

Note 4 Trade payables

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Trade payables: Acceptances Other than Acceptances	-	-
Total	-	-

Note 5 Other current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Other Payables Audit fees TDS Payable	45,925 -	17,175 -
Total	45,925	17,175

Note 6 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
(a) Cash on hand (b) Balances with banks (i) In current accounts	- 35,063	- 35,363
Total	35,063	35,363

Note 7 Short-term loans and advances

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Others Secured, considered good Unsecured, considered good Doubtful Less: Provision for other doubtful loans and advances	- -	- -
Total	-	-

Note 8 Other expenses

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	Rs	Rs
Rent including lease rentals Prior Period expense Legal and professional Miscellaneous expenses Auditor's fees - statutory audit	- - 700 28,750	- - 300 17,175
Total	29,450	17,475

M/s. ROYAL ORCHID MAHARASHTRA PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Note 9:

I Background

Royal Orchid Maharashtra Private Limited (“the Company”) was incorporated on 05.06.2008 to carry on the business hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Limited holds 99.98% of equity shares and balance 0.02% held in the name of Mr. Keshav Baljee.

The company has signed an agreement to purchase 221 acres [3120000 sq mts] in Aynode village, Dodamarg Taluk in Maharashtra on 24/09/2008 with Mr. Narayan Arjun Gawas representing owners of the property and Mr. Rajesh Mahajan as confirming party. During the year company has spent Rs.1,50,000 towards Land Development costs.
(As on 31st March, 2016 total Capital Work-in-progress incurred amounted to Rs. 2,32,72,014/-).

II SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statement have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

3. Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

4. Fixed assets

Fixed assets (CWIP) shown in the accounts are payment in advance and to be capitalized.

5. Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

6. Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by Number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

7. Provisions and contingent liabilities

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

III RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

IV RELATED PARTY TRANSACTIONS

Parties where control exists include

Name of the party	Nature of relationship
M/s. Royal Orchid Hotels Limited	Holding Company
Mr. Chander K Baljee	Key Management Personnel

Party advance received from	Nature of Relationship	Transactions during the year	Outstanding as on 31.03.2017	Outstanding as on 31.03.2016
Royal Orchid Hotels Ltd	Holding company	400	2,50,83,397	2,50,82,997

V SEGMENTAL INFORMATION

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

VI DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review. Other provisions of the order are not applicable to the company.

VII NETWORTH EROSION

The company has incurred loss in the current year and its Networth has eroded. Since the company is confident in raising capital in light of continued support of the management, the financial statement has been prepared on going concern basis and no adjustments are made on the carrying value of assets and liabilities.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

IX COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

**S Rajagopalan
Partner**

**Chander K. Baljee
Director**
DIN: 00081844

**Chetan Tewari
Director**
DIN: 07394065

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **AB HOLDINGS PRIVATE LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements **M/S.AB HOLDINGS PRIVATE LIMITED**("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

AB HOLDINGS PRIVATE LIMITED**Auditor's report (continued)**

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

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

Opinion

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

Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements:

- a) Note No 16 in the financial statements which indicates that the company has accumulated losses and its net worth has been fully eroded, the company has incurred a net cash loss during the current and previous year(s) and, the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matter set forth in Note no 16, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. 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, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

AB HOLDINGS PRIVATE LIMITED

Auditor's report (continued)

- (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 and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.25349

Place: Bangalore

Date: 27th May 2017

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- i. a) The Company has maintained proper record showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The company does not have any immovable properties in the name of the company hence this clause is not applicable.
- ii. The Company does not hold any inventory and hence this clause is not applicable.
- iii. The Company has not granted any additional loans to companies covered in the register maintained under section 189 of the Companies Act, 2013 during the year however, an amount of Rs.94.28 Lakhs has been outstanding as of 31.03.2017.
 - a) In respect of loan given , the principal and interest wherever applicable are payable on demand and since the payment of such loans has not been demanded there are no overdue amounts.
 - b) There is no amount overdue accordingly this clause is not applicable.
- iv. The company has not granted any of loans, investments, guarantees, and security during the year under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable .
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. The company is generally regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, wherever applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.

AB HOLDINGS PRIVATE LIMITED

Auditor's report (continued)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- ix. The company has not raised moneys by way of initial public offer or further public offer during the year and the company has not availed any new terms loans during the year.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- xi. The company has not paid / provided managerial remuneration during the year hence this clause not applicable
- xii. The company is not a Nidhi company hence this clause is not applicable
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- xiv. The company has not issued any shares or Debentures during the year hence this clause is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him hence this clause not applicable
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause not applicable

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.25349

Place: Bangalore

Date: 27th May 2017

AB HOLDINGS PRIVATE LIMITED

Auditor's report (continued)

Annexure - B to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

AB HOLDINGS PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

AB Holdings Pvt Ltd
Balance Sheet as at 31 March, 2017

Particulars		Note No.	As at 31 March, 2017	As at 31 March, 2016
			Rs.	Rs.
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	26,00,000	26,00,000
	(b) Reserves and surplus	2	(1,56,11,984)	(1,55,44,334)
	(c) Money received against share warrants			
2	Share application money pending allotment		-	-
3	Non-current liabilities		-	-
4	Current liabilities			
	(a) Short-term borrowings	3	2,81,62,615	2,81,24,015
	(b) Trade payables	4	-	-
	(c) Other current liabilities	5	3,65,779	3,37,029
	(d) Short-term provisions			
	TOTAL		1,55,16,410	1,55,16,710
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	6	-	-
	(ii) Intangible assets			
	(iii) Capital work-in-progress		11,45,517	11,45,517
	(b) Non-current investments	7	48,00,000	48,00,000
2	Current assets			
	(a) Cash and cash equivalents	8	1,42,392	1,42,692
	(b) Short-term loans and advances	9	94,28,501	94,28,501
	TOTAL		1,55,16,410	1,55,16,710
	See accompanying notes forming part of the financial statements	1-18		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

For and on behalf of the Board of Directors

Sd/-
Vikas Passi
Director
DIN:07040355

Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 27th May 2017

AB Holdings Pvt Ltd				
Statement of Profit and Loss for the year ended 31 March, 2017				
Particulars		Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)		-	-
2	Other income		-	-
3	Total revenue (1+2)		-	-
4	Expenses			
	(a) Employee benefit expense		-	1,08,000
	(b) Depreciation and amortisation expense		-	4,58,986
	(c) Other expenses	10	67,650	18,630
	Total expenses		67,650	5,85,616
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(67,650)	(5,85,616)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(67,650)	(5,85,616)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(67,650)	(5,85,616)
10	Tax expense:		-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		(67,650)	(5,85,616)
B	TOTAL OPERATIONS			
12	Profit / (Loss) for the year		(67,650)	(5,85,616)
13	Earnings per share (of ` 10/- each):			
	(a) Basic		(0.26)	(2.25)
	(b) Diluted		(0.26)	(2.25)
	See accompanying notes forming part of the financial statements	1-18		
In terms of our report attached.				
For P Chandrasekar		For and on behalf of the Board of Directors		
Chartered Accountants				
Sd/- S Rajagopalan Partner		Sd/- Vikas Passi Director DIN:07040355	Sd/- Chetan Tewari Director DIN:07394065	
Place : Bangalore Date : 27th May 2017		Place : Bangalore Date : 27th May 2017	Place : Bangalore Date : 27th May 2017	

AB Holdings Pvt Ltd
Notes forming part of the financial statements

Note-1 Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity shares of Rs 10 each with voting rights	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
(b) Issued Equity shares of Rs 10 each with voting rights	2,60,000	26,00,000	2,60,000	26,00,000
(c) Subscribed and fully paid up Equity shares of Rs 10 each with voting rights	2,60,000	26,00,000	2,60,000	26,00,000
Total		26,00,000		26,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue during the year	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	2,60,000	-	2,60,000
- Amount (Rs)	26,00,000	-	26,00,000
Year ended 31 March, 2016			
- Number of shares	2,60,000	-	2,60,000
- Amount (Rs)	26,00,000	-	26,00,000

Notes:

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Number of shares
As at 31 March, 2017	
Royal Orchid Hotels Ltd, the holding company	2,50,000
As at 31 March, 2016	
Royal Orchid Hotels Ltd, the holding company	2,50,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Royal Orchid Hotels Ltd	2,50,000	96.15%	2,50,000	96.15%

AB Holdings Pvt Ltd
Notes forming part of the financial statements

Note-2 Reserves and surplus

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(1,55,44,334)	(1,49,58,718)
Add: Profit / (Loss) for the year	(67,650)	(5,85,616)
Closing balance	(1,56,11,984)	(1,55,44,334)
	-	-
Total	(1,56,11,984)	(1,55,44,334)

Note-3 Short-term borrowings

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Loans and advances from related parties		
Unsecured	2,81,62,615	2,81,24,015
Total	2,81,62,615	2,81,24,015

Note-4 Trade payables

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Trade payables:		
Acceptances		
Other than Acceptances	-	-
Total	-	-

Note-5 Other current liabilities

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Other payables	3,19,854	3,19,854
Audit fees	45,925	17,175
Total	3,65,779	3,37,029

AB Holdings Pvt Ltd
Notes forming part of the financial statements

Note-7: Non Current investments

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Unquoted	Total	Unquoted	Total
	Rs	Rs	Rs	Rs
Investment in equity instruments				
(i) Investment in Unquoted shares of Sub.Co (RO Associated Hotels Pvt.Ltd)	48,00,000	48,00,000	48,00,000	48,00,000
(4,80,000 Equity shares of Rs 10 each)	48,00,000	48,00,000	48,00,000	48,00,000

Note-8 Cash and cash equivalents

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
(a) Cash on hand		-
(b) Balances with banks		
(i) In current accounts	1,42,392	1,42,692
Total	1,42,392	1,42,692

Note-9 Short-term loans and advances

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Others		
Secured, considered good		
Unsecured, considered good	94,28,501	94,28,501
Doubtful		
Less: Provision for other doubtful loans and advances		
Total	94,28,501	94,28,501

Note- 10 Other expenses

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	Rs	Rs
Director Sitting fees	35,000	1,155
Auditors Fees - Statutory Audit	28,750	17,175
Bank Charges	300	300
ROC Expense	3,600	-
Total	67,650	18,630

M/s. A B HOLDINGS PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Note: 11

I Background

AB Holding Pvt. Ltd. ("the Company") was incorporated on 09.11.2006 to carry on the business of hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Ltd holds 96.16% of equity shares. The balance shares are held in the name of Mrs. Sunita Baljee (1.92%) and Mr. Arjun Baljee (1.92%).

II SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial statement have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

b. Use of Estimates

The preparation of financial statements is in conformity with the generally accepted accounting principles which require the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

c. Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

d. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. All costs relating to acquisition and installation of fixed assets are capitalized.

e. Depreciation

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

Assets category	Useful Life (Years)
Furniture and fittings	8

Assets individually costing less than Rs. 5,000.00 are fully depreciated in the year of purchase. Improvements to buildings are amortized over the period of the lease.

f. Impairment of assets

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

g. Inventory

No Inventory maintained by the Company

h. Retirement benefits

The Company provides for gratuity and bonus, a defined benefit plan in accordance with the rules of the company based on actuarial valuation carried out at the balance sheet date, by an independent actuary. Contributions payable to the recognized Provident Fund and Employees state Insurance scheme, which are defined contribution schemes, which are charged to the profit and loss account as incurred. As there was no commercial activity the company did not hire any employee.

i. Leave Encashment

The company provides for the leave encashment liability at the balance sheet date based on the accumulated leave balance of the employees and the last drawn salary. As there was no commercial activity the company did not hire any employee.

j. Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

k. Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by Number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

l. Provisions and contingent liabilities

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

12. RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

13. RELATED PARTY TRANSACTIONS

Parties where control exists include

Name of the party	Nature of relationship
Royal Orchid Hotels Ltd	Entity controlled by Directors
Royal Orchid Hyderabad Pvt Ltd	Jointly Controlled unit
Royal Orchid Associated Hotels Pvt Ltd	Subsidiary
Naresh K Malhotra	Key Managerial Personnel

Advance received from	Nature of relationship	Transactions during the year	Outstanding as on 31.03.2017	Outstanding as on 31.03.2016
Royal Orchid Hotels Ltd	Entity controlled by Directors	38,600	2,81,29,834	2,80,91,234
Royal Orchid Hyderabad Pvt Ltd	Jointly controlled Unit	-	32,781	32,781

Advance given to	Nature of relationship	Transactions during the year	Outstanding as on 31.03.2017	Outstanding as on 31.03.2016
Royal Orchid Associated Hotels Pvt Ltd	Subsidiary	-	94,28,501	94,28,501

14. SEGMENTAL INFORMATION

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

15. DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.

16. NETWORTH EROSION

The company has incurred loss in the current year and its Networth has eroded. Since the company is confident in raising capital in light of continued support of the management, the financial statement has been prepared on going concern basis and no adjustments are made on the carrying value of assets and liabilities.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

18. COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

**S Rajagopalan
Partner**

**Vikas Passi
Director
DIN : 07040355**

**Chetan Tewari
Director
DIN: 07394065**

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID SOUTH PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Royal Orchid South Private Limited**Auditor's report (continued)**

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

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

Opinion

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

Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements:

- a) Note '9-VII' in the financial statements which indicates that the company has accumulated losses and its net worth has been fully eroded, the company has incurred a net cash loss during the current and previous year(s) and, the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matter set forth in Note '9-VII', indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. As the company has not met the qualifying requirement of 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, the same is not forming part of our report.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Royal Orchid South Private Limited

Auditor's report (continued)

- (c) The Balance Sheet and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Royal Orchid South Private Limited**("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid South Private Limited
Balance Sheet as at 31 March 2017

Particulars		Note No.	As at 31 March 2017	As at 31 March 2016
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	91,00,000	91,00,000
	(b) Reserves and surplus	2	(1,00,38,418)	(98,44,798)
	(c) Money received against share warrants			
2	Share application money pending allotment			
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	3	31,97,380	31,20,110
	(b) Trade payables	4	-	-
	(c) Other current liabilities - Audit Fees		1,33,225	17,175
	(d) Short-term provisions - Provision for Tax		1,87,781	1,87,781
			35,18,386	33,25,066
	TOTAL		25,79,968	25,80,268
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	5	24,30,000	24,30,000
	(ii) Intangible assets		-	-
2	Current assets			
	(8) Cash and cash equivalents	6	50,962	51,262
	Loans and advances	7	99,006	99,006
	TOTAL		25,79,968	25,80,268
	See accompanying notes forming part of the financial statements	9		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 27th May 2017

Royal Orchid South Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

Particulars		Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	-
3	Total revenue (1+2)		-	-
4	Expenses			
	(f) Depreciation and amortisation expense	7	-	
	(g) Other expenses	8	1,16,950	2,70,493
	Total expenses		1,16,950	2,70,493
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(1,16,950)	(2,70,493)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(1,16,950)	(2,70,493)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(1,16,950)	(2,70,493)
10	Tax expense: Prior period taxes		76,670	-
11	Profit / (Loss) from continuing operations (9 ± 10)		(1,93,620)	(2,70,493)
12	Profit / (Loss) for the year		(1,93,620)	(2,70,493)
13	Earnings per share (of `Rs. 10/- each):			
	(a) Basic		(0.21)	(0.30)
	(b) Diluted		(0.21)	(0.30)
	See accompanying notes forming part of the financial statements	9		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Sd/-
Chander K. Baljee
Director
DIN:00081844

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 27th May 2017

Place : Bangalore
Date : 27th May 2017

Place : Bangalore
Date : 27th May 2017

Royal Orchid South Private Limited
Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity shares of ` 10 each with voting rights	10,00,000	1,00,00,000	10,00,000	1,00,00,000
(b) Issued Equity shares of ` 10 each with voting rights	9,10,000	91,00,000	9,10,000	91,00,000
(c) Subscribed and fully paid up Equity shares of ` 10 each with voting rights	9,10,000	91,00,000	9,10,000	91,00,000
Total		91,00,000		91,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
As at 31 March 2017			
- Number of shares	9,10,000	-	9,10,000
- Amount (`)	91,00,000	-	91,00,000
As at 31 March 2016			
- Number of shares	9,10,000	-	9,10,000
- Amount (`)	91,00,000	-	91,00,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights
	Number of shares
Royal Orchid Hotels Ltd, the holding company	9,00,000
As at 31 March, 2017	9,00,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Royal Orchid Hotels Ltd	9,00,000	98.90%	9,00,000	98.90%

Note 2 Reserves and surplus

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(98,44,798)	(95,74,305)
Add: Profit / (Loss) for the year	(1,93,620)	(2,70,493)
Closing balance	(1,00,38,418)	(98,44,798)
Total	(1,00,38,418)	(98,44,798)

Note 3 Short-term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Loans and advances from related parties		
Unsecured	31,97,380	31,20,110
	31,97,380	31,20,110
Total	31,97,380	31,20,110

Note 4 Trade payables

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Trade payables:		
Acceptances	-	-
Other than Acceptances	-	-
Total	-	-

Royal Orchid South Private Limited
Notes forming part of the financial statements

Note 6 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
(a) Cash on hand	-	-
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	50,962	51,262
Total	50,962	51,262

Note 7 Loans and advances

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
(a) Loans and advances (Unsecured, considered good)	99,006	99,006
Total	99,006	99,006

Note 8 Other expenses

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	Rs	Rs
Property tax	87,300	2,52,718
Miscellaneous expenses	600	300
Bank Charges	300	300
Audit Fees - Statutory Audit	28,750	17,175
Total	1,16,950	2,70,493

M/s. ROYAL ORCHID SOUTH PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Note 9

I Background

Royal Orchid South Private Limited (“the Company”) was incorporated on 09.03.2006 to carry on the business of hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Ltd. holds 98.90% of equity shares the balance shares are held in the name of Mr. Chander K Baljee (1.09%) and Mr. Arjun Baljee (0.01%).

The company has signed exclusive territorial rights with Ramada International USA, for a territorial exclusivity fee of Two hundred thousand US Dollars. The company has amortized the amount paid to Ramada International USA in five years starting from 2006-07.

II SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation

The financial statement have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods.

Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

3 Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

4 Fixed assets

Fixed assets are stated at cost. All cost relating to acquisition of fixed assets is capitalized.

5 Depreciation

Patent right payment amortized in five equal installments from 2006-07.

6 Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

7 Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by Number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

8 Provisions and contingent liabilities

The company creates a provision when there is a present obligation as a result of a past event that probably requires and outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a continent liability is made when there is a possible obligation or a present obligation that may, but probably will not, required an outflow of resources. When there

M/s. ROYAL ORCHID SOUTH PVT.LTD

is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote no provision or disclosure is made.

III RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

IV RELATED PARTY TRANSACTIONS

Parties where control exists include:

Name of the party	Nature of relationship
M/s Royal Orchid Hotels Ltd	Holding company
Mr. Chander K Baljee	Key Management Personnel
M/s Baljee Hotels & Real Estates Pvt. Ltd.	Entity controlled by Directors

Party	Unsecured Loan	Nature/ Relationship	Transactions during the year	Outstanding as on 31.03.2017	Outstanding as on 31.03.2016
Royal Orchid Hotels Ltd		Holding company	77,270	6,33,562	5,56,292
Advance received from C.K.Baljee		Key Management Personnel	-	24,76,000	24,76,000
Baljee Hotels & Real Estates Pvt. Ltd.		Entity controlled by Director	-	87,818	87,818

V SEGMENTAL INFORMATION

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

VI DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.
Other provisions of the order are not applicable to the company.

VII NETWORTH EROSION

The company has incurred loss in the current year and its Networth has eroded. Since the company is confident in raising capital in light of continued support of the management, the financial statement has been prepared on going concern basis and no adjustments are made on the carrying value of assets and liabilities.

M/s. ROYAL ORCHID SOUTH PVT.LTD

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

IX COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

**S Rajagopalan
Partner**

**Chander K. Baljee
Director
DIN: 00081844**

**Chetan Tewari
Director
DIN: 07394065**

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID GOA PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

ROYAL ORCHID GOA PRIVATE LIMITED

Auditor's report (continued)

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As the company has not met the qualifying requirement of 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, the same is not forming part of our report.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

ROYAL ORCHID GOA PRIVATE LIMITED

Auditor's report (continued)

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID GOA PRIVATE LIMITED

Auditor's report (continued)

Annexure - A to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

ROYAL ORCHID GOA PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Goa Private Limited
Balance Sheet as at 31 March, 2017

Particulars		Sch No.	As at 31 March, 2017	As at 31 March, 2016
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	5,00,000	5,00,000
	(b) Reserves and surplus	2	(92,598)	(53,747)
2	Share application money pending allotment		-	-
3	Non-current liabilities		-	-
4	Current liabilities			
	(a) Short-term borrowings	3	43,911	37,511
	(b) Trade payables		-	-
	(c) Other current liabilities	4	45,925	17,175
	(d) Short-term provisions		-	-
	TOTAL		4,97,239	5,00,939
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		-	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances			
	(e) Other non-current assets			
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	5	4,97,239	5,00,939
	(e) Short-term loans and advances		-	-
	(f) Other current assets		-	-
	TOTAL		4,97,239	5,00,939
	See accompanying notes forming part of the financial statements	7		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

Sd/-
Chander K.Baljee
Director
DIN:00081844
Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065
Place : Bangalore
Date : 27th May 2017

Royal Orchid Goa Private Limited Statement of Profit and Loss for the year ended 31 March, 2017				
Particulars		Sch No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)		-	-
2	Other income		50	980
3	Total revenue (1+2)		50	980
4	Expenses			
	(a) Cost of materials consumed		-	-
	(b) Purchases of stock-in-trade		-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
	(d) Employee benefits expense		-	-
	(e) Finance costs		-	-
	(f) Depreciation and amortisation expense		-	-
	(g) Other expenses	6	38,900	11,742
	Total expenses		38,900	11,742
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(38,851)	(10,762)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(38,851)	(10,762)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(38,851)	(10,762)
10	Tax expense:			
	Current tax expense relating to prior years			9,883
11	Profit / (Loss) for the year (11 ± 13)		(38,851)	(20,645)
12	Earnings per share (of ` 100/- each):			
	(a) Basic		(7.77)	(4.13)
	(b) Diluted		(7.77)	(4.13)
	See accompanying notes forming part of the financial statements	7		
In terms of our report attached. For P Chandrasekar Chartered Accountants Sd/- S Rajagopalan Partner Place : Bangalore Date : 27th May 2017				
For and on behalf of the Board of Directors Sd/- Chander K.Baljee Director DIN:00081844 Place : Bangalore Date : 27th May 2017				
Sd/- Chetan Tewari Director DIN:07394065 Place : Bangalore Date : 27th May 2017				

Royal Orchid Goa Private Limited
Schedules forming part of the financial statements

Sch-1: Share capital

Particulars	As at 31 March, 2017		As at 31 March,2016	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised Equity shares of Rs. 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
(b) Issued Equity shares of Rs. 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
(c) Subscribed and fully paid up Equity shares of Rs. 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
Total	5000	5,00,000	5,000	5,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	5,000		5,000
- Amount (Rs)	5,00,000		5,00,000
Year ended 31 March, 2016			
- Number of shares	5,000		5,000
- Amount (Rs)	5,00,000		5,00,000

Notes:

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights Number of shares
As at 31 March, 2017	
Royal Orchid Hotels Ltd, the holding company	4,999
As at 31 March, 2016	
Royal Orchid Hotels Ltd, the holding company	4,999

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March,2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights Royal Orchid Hotels Ltd	4,999	99.98%	4,999	99.98%

Royal Orchid Goa Private Limited
Schedules forming part of the financial statements

Sch-2: Reserves and surplus

Particulars	As at 31 March, 2017 Rs	As at 31 March,2016 Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(53,747)	(27,369)
Add: Profit / (Loss) for the year	(38,851)	(26,378)
Closing balance	(92,598)	(53,747)
Total	(92,598)	(53,747)

Sch-3: Short-term borrowings

Particulars	As at 31 March, 2017 Rs	As at 31 March,2016 Rs
Loans and advances from related parties		
Secured	-	-
Unsecured	43,911	37,511
Total	43,911	37,511

Sch-4: Other current liabilities

Particulars	As at 31 March, 2017 Rs	As at 31 March,2016 Rs
Other payables		
Audit Fees	45,925	17,175
Total	45,925	17,175

Sch-5: Cash and cash equivalents

Particulars	As at 31 March, 2017 Rs	As at 31 March,2016 Rs
(a) Cash on hand		
(b) Cheques, drafts on hand		
(c) Balances with banks		
In current accounts	4,97,239	5,00,939
Total	4,97,239	5,00,939

Sch-6: Other expenses

Particulars	As at 31 March, 2017 Rs	As at 31 March,2016 Rs
Bank Charges	300	300
Misc Expense - ROC	9,850	-
Professional charges	-	-
Auditors Fees- (Including Service Tax)	28,750	11,442
Total	38,900	11,742

M/S.ROYAL ORCHID GOA PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Schedule 7:

I Background

Royal Orchid Goa Private Limited (“the Company”) was incorporated on 05th June 2008 to carry on the business hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Limited holds 99.98% of equity shares and balance 0.02% held in the name of Mr. Keshav Baljee.

II SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation

The financial statement have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

3 Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

4 Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

5 Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by Number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

6. Provisions and contingent liabilities

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

M/S.ROYAL ORCHID GOA PVT.LTD

III RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

IV RELATED PARTY TRANSACTIONS

Parties where control exists include

Name of the party	Nature of relationship
M/s. Royal Orchid Hotels Limited	Holding company
Mr. Chander K Baljee	Key Management Personnel

Advance received from	Nature of relationship	Transactions during the year	Outstanding as on 31.3.2017	Outstanding as on 31.3.2016
Royal Orchid Hotels Ltd	Holding company	6,400	43,911	37,511

V SEGMENTAL INFORMATION

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

VI DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.
Other provisions of the order are not applicable to the company.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

M/S.ROYAL ORCHID GOA PVT.LTD

VI COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

**S Rajagopalan
Partner**

**Chander K.Baljee
Director**
DIN: 00081844

**Chetan Tewari
Director**
DIN: 07394065

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID HYDERABAD PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. 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, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- i. The Company does not have fixed assets as on 31.03.2017 and hence this clause is not applicable
- ii. The Company does not hold any inventory and hence this clause is not applicable.
- iii. The Company has not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013 during the year hence this clause is not applicable
- iv. The company has not granted any of loans, investments, guarantees, and security during the year under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable .
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. The company is generally regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, wherever applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- ix. The company has not raised moneys by way of initial public offer or further public offer during the year and the company has not availed any new terms loans during the year.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- xi. The company has not paid / provided managerial remuneration during the year hence this clause not applicable
- xii. The company is not a Nidhi company hence this clause is not applicable
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

- xiv. The company has not issued any shares or Debentures during the year hence this clause is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him hence this clause not applicable
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause not applicable

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Hyderabad Private Limited
Balance Sheet as at 31 March, 2017

Particulars		Note No.	As at 31 March, 2017	As at 31 March, 2016
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	1,77,00,000	1,77,00,000
	(b) Reserves and surplus	2	(28,71,469)	(28,42,009)
	(c) Money received against share warrants			
2	Share application money pending allotment		1,48,28,531	1,48,57,991
			-	-
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	3	1,94,245	1,93,535
	(b) Trade payables	4	-	-
	(c) Other current liabilities	5	45,925	17,175
	(d) Short-term provisions		-	-
			2,40,170	2,10,710
	TOTAL		1,50,68,701	1,50,68,701
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		-	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		35,920	35,920
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
			35,920	35,920
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	6	-	-
	(e) Short-term loans and advances	7	1,50,32,781	1,50,32,781
	(f) Other current assets			
			1,50,32,781	1,50,32,781
	TOTAL		1,50,68,701	1,50,68,701
	See accompanying notes forming part of the financial statements	9		

In terms of our report attached.

For P Chandrasekar

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

S Rajagopalan

Partner

Place : Bangalore

Date : 27th May 2017

Sd/-

Chander K. Baljee

Director

DIN:00081844

Place : Bangalore

Date : 27th May 2017

Sd/-

Sunita Baljee

Director

DIN:00080737

Place : Bangalore

Date : 27th May 2017

Royal Orchid Hyderabad Private Limited
Statement of Profit and Loss for the year ended 31 March, 2017

Particulars		Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	-
3	Total revenue (1+2)		-	-
4	Expenses			
	Employee Benefit expenses		-	98,000
	Other expenses	8	29,460	17,175
	Total expenses		29,460	1,15,175
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 -		(29,460)	(1,15,175)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(29,460)	(1,15,175)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(29,460)	(1,15,175)
10	Tax expense:			
	(a) Current tax expense for current year		-	-
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Current tax expense relating to prior years		-	1,40,545
	(d) Net current tax expense		-	1,40,545
	(e) Deferred tax			
11	Profit / (Loss) from continuing operations (9 ± 10)		(29,460)	(2,55,720)
12	Profit / (Loss) for the year		(29,460)	(2,55,720)
13	Earnings per share (of Rs.10/- each):			
	(a) Basic		(0.02)	(0.14)
	(b) Diluted		(0.02)	(0.14)
	See accompanying notes forming part of the financial statements	9		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 27th May 2017

Sd/-
Sunita Baljee
Director
DIN:00080737

Place : Bangalore
Date : 27th May 2017

Royal Orchid Hyderabad Private Limited
Notes forming part of the financial statements

Note-1 Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity shares of Rs 10 each with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
(b) Issued Equity shares of Rs 10 each with voting rights	17,70,000	1,77,00,000	17,70,000	1,77,00,000
(c) Subscribed and fully paid up Equity shares of Rs 10 each with voting rights	17,70,000	1,77,00,000	17,70,000	1,77,00,000
Total		1,77,00,000		1,77,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue during the year	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	17,70,000	-	17,70,000
- Amount (Rs)	1,77,00,000	-	1,77,00,000
Year ended 31 March, 2016			
- Number of shares	17,70,000	-	17,70,000
- Amount (Rs)	1,77,00,000	-	1,77,00,000

Notes:

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Number of shares
As at 31 March, 2017	
Royal Orchid Hotels Ltd, the holding company	17,60,200
As at 31 March, 2016	
Royal Orchid Hotels Ltd, the holding company	17,60,200

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Royal Orchid Hotels Ltd	17,60,200	99.45%	17,60,200	99.45%

Royal Orchid Hyderabad Private Limited
Notes forming part of the financial statements

Note-2 Reserves and surplus

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(28,42,009)	(25,86,289)
Add: Profit / (Loss) for the year	(29,460)	(2,55,720)
Closing balance	(28,71,469)	(28,42,009)
Total	(28,71,469)	(28,42,009)

Note-3 Short-term borrowings

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Loans and advances from related parties		
Unsecured	1,94,245	1,93,535
Total	1,94,245	1,93,535

Note-4 Trade payables

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Trade payables:		
Acceptances		
Other than Acceptances	-	-
Total	-	-

Note-5 Other current liabilities

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Other payables		
Audit fees	45,925	17,175
Total	45,925	17,175

Royal Orchid Hyderabad Private Limited
Notes forming part of the financial statements

Note-6 Cash and cash equivalents

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
(a) Cash on hand	-	-
(b) Balances with banks		
(i) In current accounts	-	-
Total	-	-

Note-7 Short-term loans and advances

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs	Rs
Others		
Secured, considered good		
Unsecured, considered good	1,50,32,781	1,50,32,781
Doubtful		
Less: Provision for other doubtful loans and advances		
Total	1,50,32,781	1,50,32,781

Note-8 Other expenses

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	Rs	Rs
Misc expenses	710	-
Auditors Fees - Statutory Audit	28,750	17,175
Total	29,460	17,175

M/s. ROYAL ORCHID HYDERABAD PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Schedule 9:

I Background

Royal Orchid Hyderabad Private Limited (“the Company”) was incorporated on 12th September 2005 to carry on the business hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Limited holds 99.45 % of equity shares and balance 0.55% held in the name of Mrs. Sunita Baljee.

The company has signed a lease agreement on 06/12/2004 with Bagga Group for a lease of the property for a period of 25 years and has paid an interest free deposit of Rs.150 lakhs. The lease commences from the date of completion of the building and amenities proposed to be constructed at Hyderabad. The company initiated legal proceeding to recover the deposit paid to Bagga Group as the building and amenities were not handed over to the company.

II SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

3. Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

4. Fixed assets

Fixed assets (CWIP) shown in the accounts are payment in advance and to be capitalized.

5. Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

6. Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

7. Provisions and contingent liabilities

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

M/s. ROYAL ORCHID HYDERABAD PVT.LTD

III RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

IV RELATED PARTY TRANSACTIONS

Parties where control exists include

Name of the party	Nature of relationship
M/s. Royal Orchid Hotels Limited	Holding company
Mr. Chander K Baljee	Key Management Personnel
Mrs. Sunita Baljee	Key Management Personnel

Party advance received from	Nature of relationship	Transactions during the year	Outstanding as on 31.03.2017	Outstanding as on 31.03.2016
Royal Orchid Hotels Ltd	Holding company	710	1,94,245	1,93,535

V SEGMENTAL INFORMATION

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

VI DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.
Other provisions of the order are not applicable to the company.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

M/s. ROYAL ORCHID HYDERABAD PVT.LTD

VI COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

Sd/-

**S Rajagopalan
Partner**

Place: Bangalore
Date: 27th May 2017

For and on behalf of the Board of Directors

Sd/-

**Chander K. Baljee
Director
DIN: 00081844**

Place: Bangalore
Date: 27th May 2017

Sd/-

**Sunita Baljee
Director
DIN:00080737**

Place: Bangalore
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID MUMBAI PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

ROYAL ORCHID MUMBAI PRIVATE LIMITED

Auditor's report (continued)

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

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

Opinion

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

Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements:

- a) Note 'VII' in the financial statements which indicates that the company has accumulated losses and its net worth has been fully eroded, the company has incurred a net cash loss during the current and previous year(s) and, the company has no assets as at the balance sheet date. These conditions, along with other matter set forth in Note 'VII', indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. As the company has not met the qualifying requirement of 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, the same is not forming part of our report.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

ROYAL ORCHID MUMBAI PRIVATE LIMITED

Auditor's report (continued)

- (c) The Balance Sheet and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.25349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID MUMBAI PRIVATE LIMITED

Auditor's report (continued)

Annexure - A to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

ROYAL ORCHID MUMBAI PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Mumbai Private Limited
Balance Sheet as at 31 March 2017

Particulars		Note No.	As at 31 March 2017	As at 31 March 2016
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	5,00,000	5,00,000
	(b) Reserves and surplus	2	(6,10,181)	(81,431)
2	Share application money pending allotment			
3	Non-current liabilities			
	(a) Long-term borrowings			
	(b) Deferred tax liabilities (net)			
	(c) Other long-term liabilities			
	(d) Long-term provisions			
4	Current liabilities			
	(a) Short-term borrowings	3	64,256	64,256
	(b) Trade payables		-	-
	(c) Other current liabilities	4	45,925	17,175
	(d) Short-term provisions			
			1,10,181	81,431
	TOTAL		-	5,00,000
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets			
	(ii) Intangible assets			
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(v) Fixed assets held for sale			
	(b) Non-current investments			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances			
	(e) Other non-current assets			
2	Current assets			
	(a) Current investments			
	(b) Inventories			
	(c) Trade receivables			
	(d) Cash and cash equivalents	5	-	5,00,000
	(e) Short-term loans and advances		-	-
	(f) Other current assets			
	TOTAL		-	5,00,000
	See accompanying notes forming part of the financial statements	6		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 27th May 2017

Royal Orchid Mumbai Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

Particulars		Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	-
3	Total revenue (1+2)		-	-
4	Expenses			
	Audit Fees		28,750	17,175
	Misc Expenses		5,00,000	-
	Total expenses		5,28,750	17,175
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(5,28,750)	(17,175)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(5,28,750)	(17,175)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(5,28,750)	(17,175)
10	Tax expense:		-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		(5,28,750)	(17,175)
12	Profit / (Loss) for the year		(5,28,750)	(17,175)
13	Earnings per share (of `Rs. 10/- each):			
	(a) Basic		(10.58)	(0.34)
	(b) Diluted		(10.58)	(0.34)
	See accompanying notes forming part of the financial statements	6		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 27th May 2017

Royal Orchid Mumbai Private Limited
Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity shares of ` 10 each with voting rights	50,000	5,00,000	50,000	5,00,000
(b) Issued Equity shares of ` 10 each with voting rights	50,000	5,00,000	50,000	5,00,000
(c) Subscribed and fully paid up	50,000	5,00,000	50,000	5,00,000
Total		5,00,000		5,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	50,000		50,000
- Amount (`)	5,00,000		5,00,000
Year ended 31 March, 2016			
- Number of shares	50,000		50,000
- Amount (`)	5,00,000		5,00,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights
	Number of shares
As at 31 March, 2017	
Royal Orchid Hotels Ltd, the holding company	49,999
As at 31 March, 2016	
Royal Orchid Hotels Ltd, the holding company	49,999

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Royal Orchid Hotels Ltd	49,999	99.99%	49,999	99.99%

Royal Orchid Mumbai Private Limited
Notes forming part of the financial statements

Note 2 Reserves and surplus

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(81,431)	(64,256)
Add: Profit / (Loss) for the year	(5,28,750)	(17,175)
Closing balance	(6,10,181)	(81,431)
Total	(6,10,181)	(81,431)

Note 3 Short-term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Loans and advances from related parties		
Secured		
Unsecured	64,256	64,256
Total	64,256	64,256

Note 4 Other current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Other payables		
Audit fees	45,925	17,175
Total	45,925	17,175

Note 5 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
(a) Cash on hand	-	5,00,000
(b) Cheques, drafts on hand		
(c) Balances with banks		
(d) Others (specify nature)		
Total	-	5,00,000

M/s.ROYAL ORCHID MUMBAI PVT. LTD

NOTES TO THE FINANCE STATEMENTS

Schedule 6

I Background

Royal Orchid Mumbai Private Limited ("the Company") was incorporated on 20.04.2009 to carry on the business hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Limited holds 99.99% of equity shares and balance 0.01% held in the name of Mr. Keshav Baljee.

II SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation

The financial statement have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

3 Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

4 Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

5 Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by Number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

6. Provisions and contingent liabilities

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

III RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

M/s.ROYAL ORCHID MUMBAI PVT. LTD

IV RELATED PARTY TRANSACTIONS

Parties where control exists include:

Name of the party	Nature of relationship
M/s. Royal Orchid Hotels Limited	Holding company
Mr. Chander K Baljee	Key Management Personnel

Party advance Received from	Nature/ relationship	31.03.2017	31.03.2016
Royal Orchid Hotels Ltd	Holding company	64,256	64,256

V SEGMENTAL INFORMATION

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

VI DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.
Other provisions of the order are not applicable to the company.

VII NETWORTH EROSION

The company has incurred loss in the current year and its Networth has eroded. Since the company is confident in raising capital in light of continued support of the management, the financial statement has been prepared on going concern basis and no adjustments are made on the carrying value of assets and liabilities.

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

M/s.ROYAL ORCHID MUMBAI PVT. LTD

COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

**S Rajagopalan
Partner**

**Chander K. Baljee
Director
DIN: 00081844**

**Chetan Tewari
Director
DIN: 07394065**

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **ROYAL ORCHID SHIMLA PRIVATE LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

ROYAL ORCHID SHIMLA PRIVATE LIMITED

Auditor's report (continued)

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As the company has not met the qualifying requirement of 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, the same is not forming part of our report.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Statement of Profit and Loss 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

ROYAL ORCHID SHIMLA PRIVATE LIMITED

Auditor's report (continued)

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no funds which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has made the requisite disclosures in the financial statements towards holdings and dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

ROYAL ORCHID SHIMLA PRIVATE LIMITED

Auditor's report (continued)

Annexure - A to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

ROYAL ORCHID SHIMLA PRIVATE LIMITED

Auditor's report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

S.Rajagopalan

Partner

Membership No.025349

Place: Bangalore

Date: 27th May 2017

Royal Orchid Shimla Private Limited
Balance Sheet as at 31 March 2017

Particulars		Note No.	As at 31 March 2017	As at 31 March 2016
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	5,00,000	5,00,000
	(b) Reserves and surplus	2	(89,385)	(59,935)
2	Share application money pending allotment			
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	3	43,119	42,719
	(b) Trade payables		-	-
	(c) Other current liabilities	4	45,925	17,175
	(d) Short-term provisions			
			89,044	59,894
	TOTAL		4,99,659	4,99,959
B	ASSETS			
1	Non-current assets			
2	Current assets			
	Cash and cash equivalents	5	4,99,659	4,99,959
	TOTAL		4,99,659	4,99,959
	See accompanying notes forming part of the financial statements	7		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
S Rajagopalan
Partner

Place : Bangalore
Date : 27th May 2017

Sd/-
Chander K. Baljee
Director
DIN:00081844
Place : Bangalore
Date : 27th May 2017

Sd/-
Chetan Tewari
Director
DIN:07394065
Place : Bangalore
Date : 27th May 2017

Royal Orchid Shimla Private Limited Statement of Profit and Loss for the year ended 31 March 2017				
Particulars		Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	-
3	Total revenue (1+2)		-	-
4	Expenses			
	Other expenses	6	29,450	17,475
	Total expenses		29,450	17,475
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(29,450)	(17,475)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(29,450)	(17,475)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(29,450)	(17,475)
10	Tax expense:		-	-
	(a) Current tax expense for current year			
	(b) (Less): MAT credit (where applicable)			
	(c) Current tax expense relating to prior years		-	13502
	(d) Net current tax expense		-	13,502
	(e) Deferred tax			
11	Profit / (Loss) from continuing operations (9 ± 10)		(29,450)	(30,977)
12	Profit / (Loss) for the year		(29,450)	(30,977)
13	Earnings per share (of ` 100/- each):			
	(a) Basic		(5.89)	(6.20)
	(b) Diluted		(5.89)	(6.20)
	See accompanying notes forming part of the financial statements	7		
In terms of our report attached. For P Chandrasekar Chartered Accountants Sd/- S Rajagopalan Partner Place : Bangalore Date : 27th May 2017				
For and on behalf of the Board of Directors Sd/- Chander K. Baljee Director DIN:00081844 Place : Bangalore Date : 27th May 2017				
Sd/- Chetan Tewari Director DIN:07394065 Place : Bangalore Date : 27th May 2017				

Royal Orchid Shimla Private Limited
Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Rs	Number of shares	Rs
(a) Authorised Equity shares of Rs 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
(b) Issued Equity shares of Rs 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
(c) Subscribed and fully paid up Equity shares of Rs 100 each with voting rights	5,000	5,00,000	5,000	5,00,000
Total	5,000	5,00,000	5,000	5,00,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
- Number of shares	5,000		5,000
- Amount (Rs)	5,00,000		5,00,000
Year ended 31 March, 2016			
- Number of shares	5,000		5,000
- Amount (Rs)	5,00,000		5,00,000

(ii) Details of shares held by the holding company, the ultimate holding

Particulars	Equity shares with voting rights
	Number of shares
As at 31 March 2017	
Royal Orchid Hotels Ltd, the holding company	4,999
As at 31 March 2016	
Royal Orchid Hotels Ltd, the holding company	4,999

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Royal Orchid Hotels Ltd	4999	99.98	4999	99.98

Note 2 Reserves and surplus

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(59,935)	(28,958)
Add: Profit / (Loss) for the year	(29,450)	(30,977)
Closing balance	(89,385)	(59,935)
Total	(89,385)	(59,935)

Royal Orchid Shimla Private Limited
Notes forming part of the financial statements

Note 3 Short-term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Loans and advances from related parties		
Unsecured	43,119	42,719
Total	43,119	42,719

Note 4 Other current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
Audit fees	45,925	17,175
Miscellaneous	-	-
Total	45,925	17,175

Note 5 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs	Rs
(a) Cash on hand	-	-
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	4,99,659	4,99,959
Total	4,99,659	4,99,959

Note 6 Other expenses

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	Rs	Rs
Miscellaneous expenses	400	-
Bank Charges	300	300
Auditors fees - statutory audit	28,750	17,175
Total	29,450	17,475

M/s. ROYAL ORCHID SHIMLA PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Schedule 7

I Background

Royal Orchid Shimla Private Limited (“the Company”) was incorporated on 29.05.2008 to carry on the business hotels/holiday resorts and related services. M/s. Royal Orchid Hotels Limited holds 99.98% of equity shares and balance 0.02% held in the name of Mr. Keshav Baljee.

II SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation

The financial statement have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies have been consistently applied unless otherwise stated.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals of leave encashment, bonus and gratuity.

3 Revenue recognition

The commercial opening of the hotel not been taken during the period under review.

4 Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

5 Earnings per share

Basic earning per share is calculated by dividing net profit/loss for the period divided by Number of shares. As there are no un-issued shares during the year the diluted earning will be the same as basic earning. As there was no commercial activity shares were not valued.

6. Provisions and contingent liabilities

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

III RECOVERABILITY OF LOANS AND ADVANCES

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provisions for all known liabilities has been made in the accounts.

M/s. ROYAL ORCHID SHIMLA PVT.LTD

IV RELATED PARTY TRANSACTIONS

Parties where control exists include:

Name of the party

M/s. Royal Orchid Hotels Limited
Mr. Chander K Baljee

Nature of relationship

Holding company
Key Management Personnel

Party advance Received from	Nature/Relationship	Transactions during the year	Outstanding as on 31.03.2017	Outstanding as on 31.03.2016
Royal Orchid Hotels Ltd	Holding company	400	43,119	42,719

V SEGMENTAL INFORMATION

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

VI DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.
Other provisions of the order are not applicable to the company

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

The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 are as under:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

M/s. ROYAL ORCHID SHIMLA PVT.LTD

VIII COMPARATIVES

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

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

**S Rajagopalan
Partner**

**Chander K. Baljee
Director**
DIN: 00081844

**Chetan Tewari
Director**
DIN: 07394065

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017

Place: Bangalore
Date: 27th May 2017