

ROYAL ORCHID HOTELS LIMITED

SUBSIDIARY COMPANIES

**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

ROYAL ORCHID HOTELS LIMITED

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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, 2016 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, 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.

AB HOLDINGS PRIVATE LIMITED

Auditor's report (continued)

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, 2016, 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 '13-IV' 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 13-IV, 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.
- (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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

AB HOLDINGS 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

AB HOLDINGS 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 2016, 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 has not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013 during the year, an amount of Rs.94.28 Lakhs has been outstanding as of 31.03.2016.
 - 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, 2016 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

AB HOLDINGS PRIVATE LIMITED

Auditor's report (continued)

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/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

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 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

AB Holdings Pvt Ltd
Balance Sheet as at 31 March, 2016

Particulars		Note No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	26,00,000	26,00,000
	(b) Reserves and surplus	4	(1,55,44,334)	(1,49,58,718)
	(c) Money received against share warrants			
2	Share application money pending allotment		-	-
3	Non-current liabilities		-	-
4	Current liabilities			
	(a) Short-term borrowings	5	2,81,24,015	2,80,78,325
	(b) Trade payables	6	-	-
	(c) Other current liabilities	7	3,37,029	3,64,798
	(d) Short-term provisions			
	TOTAL		1,55,16,710	1,60,84,405
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	8	-	4,58,986
	(ii) Intangible assets		11,45,517	11,45,517
	(iii) Capital work-in-progress			
	(b) Non-current investments	9	48,00,000	48,00,000
2	Current assets			
	(a) Cash and cash equivalents	10	1,42,692	2,51,402
	(b) Short-term loans and advances	11	94,28,501	94,28,501
	TOTAL		1,55,16,710	1,60,84,405
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
P. Chandrasekaran
Partner

Sd/-
Naresh K. Malhotra
Director
DIN:00200322

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 16 May 2016

AB Holdings Pvt Ltd
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			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	8	4,58,986	1,26,886
	(c) Other expenses	12	18,630	2,09,260
	Total expenses		5,85,616	3,36,146
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(5,85,616)	(3,36,146)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(5,85,616)	(3,36,146)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(5,85,616)	(3,36,146)
10	Tax expense:		-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		(5,85,616)	(3,36,146)
B	TOTAL OPERATIONS			
12	Profit / (Loss) for the year		(5,85,616)	(3,36,146)
13	Earnings per share (of ` 10/- each):			
	(a) Basic		(2.25)	(1.29)
	(b) Diluted		(2.25)	(1.29)
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
P. Chandrasekaran
Partner

For and on behalf of the Board of Directors

Sd/-
Naresh K. Malhotra
Director
DIN:00200322

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 16 May 2016

AB Holdings Pvt Ltd
Notes forming part of the financial statements

Note-3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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, 2016			
- Number of shares	2,60,000	-	2,60,000
- Amount (Rs)	26,00,000	-	26,00,000
Year ended 31 March, 2015			
- 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, 2016	
Royal Orchid Hotels Ltd, the holding company	2,50,000
As at 31 March, 2015	
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, 2016		As at 31 March, 2015	
	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-4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(1,49,58,718)	(1,41,89,290)
Add: Profit / (Loss) for the year	(5,85,616)	(3,36,146)
Closing balance	(1,55,44,334)	(1,45,25,436)
Less: Addl Dep. as per New Co Act, 2013	-	4,33,282
Total	(1,55,44,334)	(1,49,58,718)

Note-5 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Loans and advances from related parties		
Unsecured	2,81,24,015	2,80,78,325
Total	2,81,24,015	2,80,78,325

Note-6 Trade payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Trade payables:		
Acceptances		
Other than Acceptances	-	-
Total	-	-

Note-7 Other current liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Other payables	3,19,854	3,19,854
Audit fees	17,175	44,944
Total	3,37,029	3,64,798

AB Holdings Pvt Ltd
Notes forming part of the financial statements

Note 8: Fixed assets

A.	Tangible assets	Gross block									
		Balance as at 1 April, 2015	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2016
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
	(a) Furniture and Fixtures										
	Owned	13,35,643									13,35,643
	(b) Office equipment										
	Owned	46,663									46,663
	(c) Others - Computers										
	Owned	1,18,468									1,18,468
	Total	15,00,774	-								15,00,774
	Previous year	15,00,774									15,00,774

Note 8: Fixed assets (contd.)

A	Tangible assets	Accumulated depreciation and impairment								Net block	
		Balance as at 1 April, 2015	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2015
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
	(a) Furniture and Fixtures										
	Owned	8,76,657	4,58,986						13,35,643	-	4,58,986
	(b) Office equipment										
	Owned	46,663	-					-	46,663	-	-
	(c) Others Computers										
	Owned	1,18,468							1,18,468	-	-
	Total	10,41,788	4,58,986					-	15,00,774	-	4,58,986
	Previous year	4,81,620	1,26,886					4,33,282	10,41,788	4,58,986	

Note 1:

The Company has reassessed the useful life of the fixed assets internally which coincide with the indicative useful life given in Schedule II of the Companies Act, 2013. The additional depreciation debited to statement of profit and loss for the year ended 31 March 2016 due to aforesaid change is ₹ 3,32,100.

AB Holdings Pvt Ltd
Notes forming part of the financial statements

Note-9: Non Current investments

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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) (4,80,000 Equity shares of Rs 10 each)	48,00,000	48,00,000	48,00,000	48,00,000
	48,00,000	48,00,000	48,00,000	48,00,000

Note-10 Cash and cash equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Cash on hand	-	1,08,410
(b) Balances with banks		
(i) In current accounts	1,42,692	1,42,992
Total	1,42,692	2,51,402

Note-11 Short-term loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	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-12 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs	Rs
Misc expenses	1,155	1,227
Auditors Fees - Statutory Audit	17,175	22,575
Bank Charges	300	-
Prior Period Expense	-	1,85,458
Total	18,630	2,09,260

M/s. A B HOLDINGS PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Note : 13

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

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 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.

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 less accumulated depreciation and impairment losses. All costs relating to acquisition and installation of fixed assets are capitalized.

5 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.

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.

7 Inventory

No Inventory maintained by the Company

8 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.

9 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.

10 Taxes on income

During the year no deferred tax has been recognized as there is no commercial activity.

11 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.

12. 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.

III.1 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.

III.2 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
Shekhar Bhargava	Key Managerial Personnel
Naresh K Malhotra	Key Managerial Personnel

Advance received from	Nature of relationship	Transactions during the year	Outstanding as on 31.03.2016	Outstanding as on 31.03.2015
Royal Orchid Hotels Ltd	Entity controlled by Directors	45,689	2,80,91,234	2,80,45,544
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 31.03.2016	Outstanding as on 31.03.2015
Royal Orchid Associated Hotels Pvt Ltd	Subsidiary	-	94,28,501	94,28,501

III.3 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.

III.4 DEFERRED INCOME TAXES

The deferred tax asset was not taken into books for the period under review.

IV 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.

For P.Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
P. Chandrasekaran
Partner

Sd/-
Naresh K. Malhotra
Director
DIN : 00200322

Sd/-
Chetan Tewari
Director
DIN : 07394065

Place : Bangalore

Date : 16 May 2016

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, 2016, 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, 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.

Amar Tara Hospitality Private Limited

Auditor's report (continued)

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

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

Amar Tara Hospitality Private Limited

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 29th May 2016

Amar Tara Hospitality 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 2016, 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 except the following.

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates
Income-tax Act, 1961	TDS	13,45,400	April 2015 to Sep 2015

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, 2015 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.

Amar Tara Hospitality Private Limited

Auditor's report (continued)

- 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 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. During the year the company has issued 18% Unsecured, Compulsorily Convertible Debentures of Rs.2,36,60,000 and the requirement of section 42 of the Companies Act, 2013 has been complied by the company and the amount raised have been used for the purposes for which the funds 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 29 May 2016

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 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 29 May 2016

Amar Tara Hospitality Private Limited
Balance Sheet as at 31 March 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	3	35,50,00,000	35,50,00,000
Reserves and surplus	4	(7,65,80,540)	(4,73,43,281)
		27,84,19,460	30,76,56,719
<i>Non-current liabilities</i>			
Long-term borrowings	5	10,16,60,000	7,80,00,000
Other long-term liabilities	6	42,50,000	42,50,000
		10,59,10,000	8,22,50,000
<i>Current liabilities</i>			
Short-term borrowings	5	5,37,53,520	5,00,00,000
Trade payables	7	-	-
Other current liabilities	8	5,88,04,447	4,29,81,008
		11,25,57,967	9,29,81,008
Total		49,68,87,427	48,28,87,727
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	14,84,98,871
		49,52,21,269	48,12,21,269
<i>Current assets</i>			
Cash and cash equivalents	10	7,50,779	7,51,079
Short-term loans and advances	11	9,15,379	9,15,379
		16,66,158	16,66,458
Total		49,68,87,427	48,28,87,727

Summary of significant accounting policies and other explanatory information 2 - 19

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

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
Arun Sarup
Director
DIN: 00498300

Bengaluru
Date: 29 May 2016

Bengaluru
Date: 29 May 2016

Amar Tara Hospitality Private Limited
Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Revenue from operations		-	-
Expenses			
Employee benefits expense	12	2,00,000	9,60,000
Finance costs	13	2,70,40,732	2,22,47,629
Other expenses	14	19,96,527	32,25,943
		2,92,37,259	2,64,33,572
Loss before tax		(2,92,37,259)	(2,64,33,572)
Tax expense		-	-
Loss after tax		(2,92,37,259)	(2,64,33,572)
Loss per equity share of ₹ 10 each	15		
Basic/Diluted		(0.82)	(0.74)
Summary of significant accounting policies and other explanatory information	2 - 19		

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

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
Arun Sarup
Director
DIN: 00498300

Bengaluru
Date: 29 May 2016

Bengaluru
Date: 29 May 2016

Amar Tara Hospitality Private Limited
Cash Flow Statement for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
A. Cash flow from operating activities		
Net loss before tax	(2,92,37,259)	(2,64,33,572)
Adjustment for:		
Interest expense	93,35,071	2,21,95,125
Operating profit before working capital changes	(1,99,02,188)	(42,38,447)
Changes in working capital :		
Decrease in loans and advances	-	(4,58,091)
Increase in liabilities and provisions	1,62,85,642	1,14,80,713
Net cash generated from/(used in) operating activities	(36,16,546)	67,84,175
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	2,36,60,000	2,15,52,683
Proceeds towards debenture application money pending allotment	1,73,47,797	-
Proceeds from long term borrowings	(1,99,06,480)	
Proceeds from short term borrowings	-	5,00,00,000
Repayment of long term borrowings	-	(5,94,26,946)
Interest paid	(34,85,071)	(1,84,45,604)
Net cash (used in)/generated from financing activities	1,76,16,246	(63,19,867)
Net increase in cash and cash equivalents (A+B+C)	(300)	4,64,308
Cash and cash equivalents at the beginning of the year	7,51,079	2,86,770
Cash and cash equivalents at the end of the year (see note 10)	7,50,779	7,51,079

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

For P Chandrasekar
Chartered Accountants

Sd/-
S Rajagopalan
Partner

Bengaluru
Date: 29 May 2016

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
Arun Sarup
Director
DIN: 00498300

Bengaluru
Date: 29 May 2016

Amar Tara Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2016

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 2016 (Cont'd)

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.

(This space has been intentionally left blank)

Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2016 (Cont'd)

	As at 31 March 2016		As at 31 March 2015	
	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) Shares held by Holding Company				
Equity shares of ₹ 10 each				
Royal Orchid Hotels Limited	2,66,60,000	26,66,00,000	2,66,60,000	26,66,00,000
	2,66,60,000	26,66,00,000	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	2,66,60,000	26,66,00,000	2,66,60,000	26,66,00,000
Amar Tara Private Limited	88,40,000	8,84,00,000	88,40,000	8,84,00,000
	3,55,00,000	35,50,00,000	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 2016. Further, the Company has not issued any shares for a consideration other than cash.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
4 Reserves and surplus		
Surplus from Statement of profit and loss		
Balance at the beginning of the year	(4,73,43,281)	(2,09,09,709)
Add: Loss for the year	(2,92,37,259)	(2,64,33,572)
	(7,65,80,540)	(4,73,43,281)

Amar Tara Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2016 (Cont'd)

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
5 Borrowings				
Secured				
Loan from others	-	5,00,00,000	-	5,00,00,000
	<u>-</u>	<u>5,00,00,000</u>	<u>-</u>	<u>5,00,00,000</u>
Unsecured				
1,016,600 (31 March 2015: 780,000), 18%, Compulsorily Convertible Debentures of ₹ 100 each (refer note d)	10,16,60,000	-	7,80,00,000	-
Loan from Holding Company		37,53,520		
	<u>10,16,60,000</u>	<u>5,37,53,520</u>	<u>7,80,00,000</u>	<u>5,00,00,000</u>

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 term loan was secured by the corporate guarantees of Royal Orchid Hotels Limited and Amar Tara Private Limited. Loan from others bear interest rate of 18% p.a.

The principal balance outstanding as at 31 March 2016 is ₹ 50 million (31 March 2015 - ₹ 50 million) and the interest payable outstanding as at 31 March 2016 is ₹ 7.85 million (31 March 2015 - ₹ 1.99 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.
- c) The unsecured loans are repayable on demand and bear interest rate of 18% p.a.
- d) The current portion of the secured loans where instalments are due within one year have been classified as "current maturities of long term debt" under other current liabilities.

	As at 31 March 2016	As at 31 March 2015
	₹	₹
6 Other long term liabilities		
Advance from contractors	42,50,000	42,50,000
	<u>42,50,000</u>	<u>42,50,000</u>

Amar Tara Hospitality Private Limited**Notes to the financial statements for the year ended 31 March 2016 (Cont'd)**

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
7 Trade payables		
Dues to micro enterprises and small enterprises (refer note below)	-	-
	<u>-</u>	<u>-</u>
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	1,41,75,325	2,04,87,528
Interest accrued on Compulsorily Convertible Debentures	2,17,16,228	57,81,403
Project creditors	61,46,089	71,39,629
Retention money payable	45,60,255	45,60,255
Interest accrued and due on borrowings	78,47,260	19,97,260
Statutory dues	29,17,763	16,55,050
Accrued expenses	11,86,094	11,04,449
Dues to employees	2,55,433	2,55,434
	<u>5,88,04,447</u>	<u>4,29,81,008</u>

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Amar Tara Hospitality Private Limited
Notes to the financial statements for the year ended 31 March 2016 (Cont'd)

9 Capital work-in-progress

Particulars	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Balance as at the beginning of the year	14,84,98,871	14,84,98,871
Project expenses		
Civil work	-	-
Furnishing and fabrication	-	-
Other project expense	1,40,00,000	-
	1,40,00,000	-
Other expenses		
Legal and professional	-	-
Salary and related costs	-	-
Security charges	-	-
Rates and taxes	-	-
Power, water and fuel	-	-
Miscellaneous	-	-
	-	-
Interest	-	-
	16,24,98,871	14,84,98,871
	As at 31 March 2016 ₹	As at 31 March 2015 ₹

10 Cash and cash equivalents

Balance with a bank- in current account	7,50,779	7,51,079
	7,50,779	7,51,079

11 Short term loans and advances

(Unsecured, considered good)

Advance to suppliers	3,99,288	3,99,288
Other receivables	4,58,091	4,58,091
Security deposit	58,000	58,000
	9,15,379	9,15,379

Amar Tara Hospitality Private Limited

Notes to the financial statements for the year ended 31 March 2016 (Cont'd)

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
12 Employee benefits expense		
Salaries, wages and bonus	2,00,000	9,60,000
	2,00,000	9,60,000
13 Finance costs		
Interest expense on		
- term loan	-	62,95,931
- unsecured loan from others	93,35,071	94,75,413
Interest on 18%, Compulsorily Convertible Debentures of ₹ 100 each	1,77,05,361	64,23,781
Bank charges	300	52,504
	2,70,40,732	2,22,47,629
14 Other expenses		
Rates and taxes	2,31,964	8,42,149
Legal and professional	6,84,632	5,79,325
Travelling and conveyance	21,197	11,894
Repair and maintenance	-	11,23,600
Security charges	5,46,888	5,29,217
Power and fuel	31,042	23,400
Miscellaneous	4,80,804	1,16,358
	19,96,527	32,25,943
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 ₹	(2,92,37,259)	(2,64,33,572)
Basic and diluted loss per share in ₹	(0.82)	(0.74)
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 2016 (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. Shekhar Bhargava	Managing Director
Mr. Amit Jaiswal	Director
Mr. Vikas Passi *	Director
Mr. Arjun Sarup	Director
Mr. Arun Sarup	Director

* Appointed on 22 May 2015

iii. Transaction with related party during the year:

<i>(Amount in ₹)</i>			
Nature of Transaction	Nature of relationship	Year ended 31 March 2016	Year ended 31 March 2015
<i>Loan availed during the year</i>			
Royal Orchid Hotels Limited	Holding Company	37,53,520	(6,38,51,707)
<i>Interest on unsecured loan</i>			
Royal Orchid Hotels Limited	Holding Company	93,35,071	94,75,413
<i>Interest on Compulsorily Convertible Debentures</i>			
Royal Orchid Hotels Limited	Holding Company	1,77,05,361	64,23,781
<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	2,36,60,000	7,80,00,000
<i>Investment in Debenture application money pending allotment</i>			
Royal Orchid Hotels Limited	Holding Company	1,41,75,325	2,04,87,528

iv. Balances payable to related party is summarised below:

<i>(Amount in ₹)</i>			
Nature of transactions	Nature of relationship	As at 31 March 2016	As at 31 March 2015
<i>Unsecured loan (including interest, net of tax deducted at source)</i>			
Royal Orchid Hotels Limited	Holding Company	37,53,520	(3,51,011)
<i>Interest accrued on Compulsorily Convertible Debentures (net of taxes deducted at source)</i>			
Royal Orchid Hotels Limited	Holding Company	2,17,16,228	57,81,403
<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 2016 (Cont'd)

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
17 Auditors' remuneration		
Statutory audit	75,000	75,000
Service tax	10,875	9,270
	85,875	84,270
	As at 31 March 2016 ₹	As at 31 March 2015 ₹
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 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
Date: 29 May 2016

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
Arun Sarup
Director
DIN: 00498300

Bengaluru
Date: 29 May 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSMOS PREMISES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **COSMOS PREMISES PRIVATE LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2016, 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, as applicable.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 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, 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; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order” or “CARO 2016”) 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**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Sd/-

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU, May 20, 2016
MP/VMS/MSK/2016

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, 2016 in conjunction with our audit of the standalone financial statements of the Company as of and for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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, 2016, 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, 2016
MP/VMS/MSK/2016

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 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. 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 the records examined by us and based on the examination of the registered sale 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) According to the information and explanations given to us, the Company has granted unsecured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
 - (c) The schedule of repayment is not stipulated and in the absence of such schedule, we are unable to comment on the overdue amount, if any remaining outstanding as at the balance sheet date.
- (iv) The Company has not granted any loans that are covered under the provisions of section 185 of the Act and provisions of section 186 of the Act in respect to granting of loans, making investments and providing guarantees and securities are not applicable
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) 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, Luxury Tax, Profession tax, Value added tax, Customs Duty, Excise Duty, and other material statutory dues applicable to it to the appropriate authorities except in case of Employee State Insurance, Service Tax and Tax deducted at source, which have not been regularly deposited with appropriate authorities and there have been delays in many cases.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, , Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 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 March 31, 2016 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 banks. The Company has no borrowings from financial institutions and 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 material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (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 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of 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 directors of its holding company or persons connected with them 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-I 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, 2016
MP/VMS/MSK/2016

Cosmos Premises Private Limited
Balance Sheet as at 31 March 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	3	40,47,620	40,47,620
Reserves and surplus	4	18,74,51,063	17,73,40,438
		19,14,98,683	18,13,88,058
<i>Non-current liabilities</i>			
Long-term borrowings	5	-	-
Deferred tax liability (net)	6	31,65,136	48,54,559
Long-term provisions	7	10,62,416	5,55,950
		42,27,552	54,10,509
<i>Current liabilities</i>			
Short-term borrowings	5	56,85,216	56,85,216
Trade payables	8		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		1,47,07,826	1,76,21,484
Other current liabilities	9	1,69,45,814	91,87,042
Short-term provisions	7	29,57,655	62,45,202
		4,02,96,511	3,87,38,944
Total		23,60,22,746	22,55,37,511
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	10	15,01,08,675	16,14,11,938
Intangible assets	11	-	9,194
Long-term loans and advances	12	24,38,295	46,33,185
Other non-current assets	13	13,63,000	13,63,000
		15,39,09,970	16,74,17,317
<i>Current assets</i>			
Inventories	14	22,79,979	19,14,511
Trade receivables	15	91,45,328	1,48,45,249
Cash and cash equivalents	16	4,28,33,659	2,39,96,747
Short-term loans and advances	12	2,02,29,348	1,62,31,635
Other current assets	17	76,24,462	11,32,052
		8,21,12,776	5,81,20,194
Total		23,60,22,746	22,55,37,511

See accompanying notes to Financial Statements.

2-35

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Sd/-

Monisha Parikh

Partner

Place: Bengaluru

Date: 20 May 2016

For and on behalf of the Board of Directors

Sd/-

Amit Jaiswal

Director

DIN: 03448511

Place: Bengaluru

Date: 16 May 2016

Sd/-

M. Krishnamurthi

Director

DIN: 00037763

Place: Bengaluru

Date: 16 May 2016

Cosmos Premises Private Limited
Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Revenue			
Revenue from operations (gross)	18	15,53,71,131	13,73,55,078
Less: Excise duty		-	-
Revenue from operations (net)		15,53,71,131	13,73,55,078
Other income	19	38,13,132	27,77,437
Total revenue		15,91,84,263	14,01,32,515
Expenses			
Food and beverages consumed	20	1,27,61,619	1,25,52,461
Employee benefits expense	21	2,35,47,659	2,36,72,753
Finance costs	22	6,32,144	25,74,347
Depreciation and amortisation expense	23	1,51,38,569	1,52,31,918
Other expenses	24	8,38,49,212	6,54,74,781
Total expenses		13,59,29,203	11,95,06,260
Profit before tax		2,32,55,060	2,06,26,255
Tax expense			
Current tax		89,15,600	72,91,102
Short provision for tax relating to prior years		59,18,258	-
Deferred tax credit		(16,89,423)	(26,45,889)
		1,31,44,435	46,45,213
Profit after tax		1,01,10,625	1,59,81,042
Earnings per equity share of ₹ 10 each	25		
Basic and diluted		24.98	39.48
See accompanying notes to Financial Statements	2-35		

In terms of our report attached.

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 20 May 2016

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Place: Bengaluru
Date: 16 May 2016

Sd/-
M. Krishnamurthi
Director
DIN: 00037763

Place: Bengaluru
Date: 16 May 2016

Cosmos Premises Private Limited
Cash Flow Statement for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
A. Cash flow from operating activities		
Net Profit before tax	2,32,55,060	2,06,26,255
Adjustments for:		
Provision for doubtful debts	8,88,932	16,48,852
Depreciation and amortisation	1,51,38,569	1,52,31,918
Fixed assets written off	-	64,87,523
Interest income	(30,19,500)	(6,28,554)
Rental income	(3,38,422)	-
Interest expense	6,32,144	25,74,347
Operating profit before working capital changes	3,65,56,783	4,59,40,341
Changes in working capital :		
(Decrease)/Increase in trade payables	(29,13,658)	18,47,432
Increase in liabilities and provisions	1,07,40,714	1,20,886
(Increase)/Decrease in trade receivables	48,10,989	(38,25,103)
(Increase)/Decrease in other current assets	(61,06,662)	1,49,421
(Increase)/Decrease in inventories	(3,65,468)	6,33,557
Increase in loans and advances	(1,10,64,747)	(86,67,345)
Cash generated from operations	3,16,57,951	3,61,99,189
Taxes paid (net of refund)	1,61,77,734	64,16,519
Net cash generated from operating activities	1,54,80,217	2,97,82,670
B. Cash flows from investing activities		
Purchase of tangible assets	(38,26,112)	(56,87,506)
Repayment of loan received from holding company	46,66,140	-
Interest received	50,59,504	6,28,554
Rent received	4,31,519	-
Changes in margin money	-	5,000
Net cash generated from/(used in) investing activities	63,31,051	(50,53,952)
C. Cash flows from financing activities		
Interest paid	(1,78,955)	(18,59,998)
Repayment of borrowings	(27,95,401)	(2,17,47,167)
Net cash used in financing activities	(29,74,356)	(2,36,07,165)
Net increase in cash and cash equivalents	1,88,36,912	11,21,553
Cash and cash equivalents at the beginning of the year	2,39,96,747	2,28,75,194
Cash and cash equivalents at the end of the year (refer note 16)	4,28,33,659	2,39,96,747

In terms of our report attached.

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 20 May 2016

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
M. Krishnamurthi
Director
DIN: 00037763

Place: Bengaluru
Date: 16 May 2016

Place: Bengaluru
Date: 16 May 2016

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

1) Background

Cosmos Premises Private Limited ('the Company') was incorporated on 14 February 1997. The Company was an equal joint venture between Royal Orchid Hotels Limited and Vascon Engineers Limited till 04 September 2012. Subsequently, Royal Orchid Hotels Limited obtained the control of the Board of Directors of the Company, by amending the Articles of Association.

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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. 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.

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.

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

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

(e) Depreciation/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.

(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.

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

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

(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

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.

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

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

(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 forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts ₹	Number	Amounts ₹
3 Share capital				
Authorised share capital				
Equity shares of ₹10 each with voting rights	5,00,000	50,00,000	5,00,000	50,00,000
	5,00,000	50,00,000	5,00,000	50,00,000
Issued, subscribed and fully paid-up				
Equity shares of ₹10 each with voting rights	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.

	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts ₹	Number	Amounts ₹
b) Details of shares held by the holding company and its subsidiary.				
Equity shares of ₹10 each with voting rights				
Royal Orchid Hotels Limited - Holding Company	2,02,380	20,23,800	2,02,381	20,23,810
Royal Orchid Goa Private Limited - Fellow Subsidiary	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				
Royal Orchid Hotels Limited	2,02,380	20,23,800	2,02,381	20,23,810
Vascon Engineers Limited	1,77,401	17,74,010	1,77,401	17,74,010
	3,79,781	37,97,810	3,79,782	37,97,820

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 or any shares for consideration other than cash nor has there been any buy back of shares during five years immediately preceding 31 March 2016.

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
4 Reserves and surplus		
General reserve	15,80,000	15,80,000
	15,80,000	15,80,000
Securities premium account	12,87,52,460	12,87,52,460
	12,87,52,460	12,87,52,460
Surplus in the Statement of Profit and Loss		
Opening balance	4,70,07,978	3,27,67,055
Add: Profit for the year	1,01,10,625	1,59,81,042
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (refer note 10)	-	(17,40,119)
Closing balance	5,71,18,603	4,70,07,978
	18,74,51,063	17,73,40,438

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Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long-term ₹	Short-term ₹	Long-term ₹	Short-term ₹
5 Borrowings				
Secured				
Term loan from a bank	-	-	27,95,401	-
	-	-	27,95,401	-
Less: Current maturities of long-term debt disclosed under the head "other current liabilities" (refer note 9)	-	-	27,95,401	-
	-	-	-	-
Unsecured				
Loans from bodies corporate	-	56,85,216	-	56,85,216
	-	56,85,216	-	56,85,216
	-	56,85,216	-	56,85,216

Notes:

- (i) Details of terms of repayment, guarantee and security for term loan from a bank
- Indian rupee term loan of ₹ 100 million from State Bank of Hyderabad with floating interest rate of 14% p.a. The loan is repayable in 23 equal quarterly instalments of ₹ 4.20 million and an instalment of ₹ 3.40 million commencing from quarter ended September 2009. The loan is secured by way of equitable mortgage of land and hotel building, exclusive charge on the other assets of the Company and corporate guarantee by Royal Orchid Hotels Limited and Vascon Engineers Limited. During the year, the Company has repaid the loan and the balance outstanding as at 31 March 2016 is ₹ Nil (31 March 2015 - ₹ 2.79 million).
- (ii) Unsecured loans are interest free and are repayable on demand.
- (iii) The current portion of the secured loans where instalments are due within one year have been classified as "current maturities of long-term debt" under other current liabilities in note 9.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
6 Deferred tax liability (net)		
Tax effect of items constituting Deferred tax liability		
On difference between book balances and tax balances of fixed assets	52,92,523	61,53,337
	52,92,523	61,53,337
Tax effect of items constituting Deferred tax assets		
Provision for doubtful trade receivables and other advances	12,35,190	9,41,281
Provision for employee benefits (gratuity, compensated absences etc.)	5,63,839	3,57,497
Disallowances under section 40(a)(ia) of Income-tax Act, 1961	3,28,358	-
	21,27,387	12,98,778
	31,65,136	48,54,559

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long-term	Short-term	Long-term	Short-term
	₹	₹	₹	₹
7 Provisions				
Provision for employee benefits				
Gratuity (refer note 27(b))	7,35,674	11,167	5,55,950	1,02,145
Compensated absences (refer note 27(c))	3,26,742	1,12,590	-	4,23,163
Provision for taxation [net of advance tax - ₹ 6,616,517 (31 March 2015 - ₹ 2,203,931)]	-	28,33,898	-	57,19,894
	10,62,416	29,57,655	5,55,950	62,45,202

	As at 31 March 2016	As at 31 March 2015
	₹	₹
8 Trade payables		
Acceptances	-	-
Other than acceptances		
Dues of micro enterprises and small enterprises (refer note below)	-	-
Dues of creditors other than micro enterprises and small enterprises *	1,47,07,826	1,76,21,484
	1,47,07,826	1,76,21,484

* Includes payables to a related party (refer note 26(iv))

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

9 Other current liabilities

a) Current maturities of long-term debt (refer note 5)	-	27,95,401
b) Interest accrued and due on long-term borrowings	-	81,626
c) Advances from customers	1,23,82,653	44,31,110
d) Other payables		
(i) Statutory remittances	45,29,731	17,12,626
(ii) Others	33,430	1,66,279
	1,69,45,814	91,87,042

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

10 Tangible assets

(Amount in ₹)

Particulars	Land (Freehold)	Building	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
Gross block								
Balance as at 01 April 2014	1,32,31,108	14,19,05,867	2,81,28,344	7,23,58,316	37,75,496	12,76,936	15,39,141	26,22,15,208
Additions	-	12,09,034	15,61,465	21,49,593	-	5,90,838	1,76,576	56,87,506
Adjustments *	-	-	(67,58,537)	(1,45,51,713)	-	(5,94,014)	(2,96,684)	(2,22,00,948)
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
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
Accumulated depreciation								
Balance as at 01 April 2014	-	2,95,48,175	64,96,568	4,24,60,140	26,27,467	9,47,629	12,31,780	8,33,11,759
Charge for the year	-	47,86,181	16,26,151	77,17,913	4,11,367	2,74,773	1,34,990	1,49,51,375
Schedule II related adjustment **	-	9,53,160	1,80,520	4,73,176	(14,190)	2,289	1,45,164	17,40,119
Adjustments *	-	-	(20,35,762)	(1,28,92,173)	-	(5,20,224)	(2,65,266)	(1,57,13,425)
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
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
Net block								
Balance as at 31 March 2015	1,32,31,108	10,78,27,385	1,66,63,795	2,21,97,140	7,50,852	5,69,293	1,72,365	16,14,11,938
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

Note

* Represents adjustments relating to discrepancies noticed on physical verification of fixed assets by the management in the previous year.

** During the year ended 31 March 2015, the Company has reassessed the useful life of the fixed assets internally which coincide with the indicative useful life given in Schedule II of the Companies Act 2013. The aforesaid change did have a material impact on Statement of Profit and Loss for the year ended 31 March 2015. However, in accordance with the transitional provision, unamortized depreciation amounting to ₹ 1,740,119 towards tangible assets that should have been fully depreciated based on the revised useful life given in Schedule II of the Companies Act 2013, has been adjusted to the opening reserves and surplus.

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

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

11 Intangible assets (acquired)

Particulars	Amount in ₹
	Computer Software
Gross block	
Balance as at 01 April 2014	4,85,750
Additions	-
Balance as at 01 April 2015	4,85,750
Additions	-
Balance as at 31 March 2016	4,85,750
Accumulated amortisation	
Balance as at 01 April 2014	1,96,013
Charge for the year	2,80,543
Balance as at 01 April 2015	4,76,556
Charge for the year	9,194
Balance as at 31 March 2016	4,85,750
Net block	
Balance as at 31 March 2015	9,194
Balance as at 31 March 2016	-

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long-term ₹	Short-term ₹	Long-term ₹	Short-term ₹
12 Loans and advances				
(Unsecured, considered good)				
Advance tax [net of provision for taxation - ₹ 28,972,791 (31 March 2015 - ₹ 15,130,708)]	15,00,450	-	35,77,385	-
Security deposits	5,46,362	-	4,83,362	-
Loan to Holding Company	-	-	-	46,66,140
Interest accrued on receivable from Holding Company	-	3,40,706	-	28,59,555
Current account balances with related parties	-	1,51,40,080	-	57,95,173
Current account balances with others	-	3,41,580	-	6,33,284
Balances with government authorities				
-Service tax receivable	-	28,26,121	-	6,92,427
Prepaid expenses	-	8,04,656	-	10,25,673
Loans and advances to employees	-	3,10,185	-	2,81,720
Advance to suppliers	-	4,66,020	-	2,77,663
	20,46,812	2,02,29,348	40,60,747	1,62,31,635
Capital advances				
Unsecured, considered good	3,91,483	-	5,72,438	-
Unsecured, considered doubtful	2,00,000	-	2,00,000	-
	5,91,483	-	7,72,438	-
Less: Provision for doubtful advances	2,00,000	-	2,00,000	-
	3,91,483	-	5,72,438	-
	24,38,295	2,02,29,348	46,33,185	1,62,31,635
13 Other non-current assets				
Other bank balances				
Balances in bank held as margin money			13,63,000	13,63,000
			13,63,000	13,63,000
14 Inventories				
(At lower of cost and net realisable value)				
Food and beverages			15,31,093	12,77,230
Stores and spares			7,48,886	6,37,281
			22,79,979	19,14,511
15 Trade receivables				
(Unsecured)				
Outstanding for a period exceeding six months from the due date				
Considered doubtful			35,50,645	31,65,771
Less : Provision for doubtful trade receivables			35,50,645	28,46,930
			-	3,18,841
Other trade receivables				
Considered good			91,45,328	1,45,26,408
			91,45,328	1,45,26,408
			91,45,328	1,48,45,249

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
16 Cash and cash equivalents		
Cash on hand	2,43,332	2,80,331
Balances with banks		
in current accounts	1,21,64,119	1,76,16,416
in deposit account (original maturity of 3 months or less)	37,27,237	61,00,000
	1,61,34,688	2,39,96,747
Other bank balances		
In deposit account (original maturity of more than 3 months)	2,66,98,971	-
	-	-
	2,66,98,971	-
	4,28,33,659	2,39,96,747
	As at 31 March 2016 ₹	As at 31 March 2015 ₹
17 Other current assets		
Unbilled revenue	67,85,272	5,06,847
Interest accrued on deposits with banks	7,21,813	2,42,968
Other receivables	3,02,595	3,82,237
	78,09,680	11,32,052
Less: Provision for other receivables	1,85,218	-
	76,24,462	11,32,052

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Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	Year ended 31 March 2016	Year ended 31 March 2015 ₹
18 Revenue from operations		
Sale of services		
Room nights	10,63,28,376	9,34,55,493
Food and beverages	4,18,96,889	3,71,47,191
Other services	71,45,866	67,52,394
	15,53,71,131	13,73,55,078
19 Other income		
Interest income		
From loan to holding company	17,25,261	8,39,905
From deposits with banks	12,94,239	6,28,554
Net gain or loss on foreign currency transaction and translation	23,621	39,173
Other non-operating income, net of expenses		
Rental income	3,38,422	3,23,652
Miscellaneous	4,31,589	9,46,153
	38,13,132	27,77,437
20 Food and beverages consumed		
Opening stock	12,77,230	14,83,198
Add : Purchases	1,30,15,482	1,23,46,493
	1,42,92,712	1,38,29,691
Less : Closing stock	15,31,093	12,77,230
Cost of materials consumed (refer note below)	1,27,61,619	1,25,52,461
Note:		
The consumption above is net of ₹ 1,787,257 (31 March 2015 – ₹ 1,582,147) representing amounts utilised for internal consumption which has been classified under staff welfare.		
21 Employee benefits expense		
Salaries and wages	1,99,48,784	2,01,44,948
Contribution to provident fund	8,37,965	7,95,574
Gratuity expense (refer note 27(b))	1,64,900	1,68,773
Staff welfare expenses	25,96,010	25,63,458
	2,35,47,659	2,36,72,753
22 Finance costs		
Interest expense on:		
Borrowings	97,329	19,41,624
Others		
Interest on delayed/deferred payment of income tax	5,34,815	6,32,723
	6,32,144	25,74,347
23 Depreciation and amortisation expense		
Depreciation on tangible assets (refer note 10)	1,51,29,375	1,49,51,375
Amortisation on intangible assets (refer note 11)	9,194	2,80,543
	1,51,38,569	1,52,31,918

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	Year ended 31 March 2016	Year ended 31 March 2015
	₹	₹
24 Other expenses		
Guest transportation	19,95,840	17,01,299
Linen and room supplies	40,19,252	46,77,814
Catering supplies	3,68,801	3,88,858
Uniform washing and laundry	20,94,181	23,78,839
Hire charges	25,06,356	14,98,876
Power and fuel	79,10,766	76,99,786
Contract charges	51,70,292	54,16,913
Advertisement and business promotion	26,46,755	30,03,541
Commission, brokerage and discount	39,26,769	37,11,132
Management fees	77,49,474	72,10,585
Spa related expenses	18,18,014	17,11,779
Security charges	18,69,647	18,51,526
Repairs and maintenance		
Buildings	37,51,596	57,71,388
Plant and machinery	16,92,638	13,71,711
Others	4,71,326	25,673
Legal and professional	3,08,45,015	16,15,190
Rates and taxes	11,57,962	24,12,650
Travelling and conveyance	7,97,889	9,93,539
Telephone, internet and fax	7,68,618	7,65,328
Printing and stationery	6,41,584	7,34,172
Insurance	3,32,433	3,82,963
Bad debt written off	-	8,35,455
Provision for doubtful trade receivables and other receivables	8,88,932	16,48,852
Bank charges	92,321	93,655
Assets written off	-	64,87,523
Miscellaneous	3,32,751	10,85,734
	8,38,49,212	6,54,74,781

25 Earnings per share

Weighted average number of shares outstanding	4,04,762	4,04,762
Net profit after tax attributable to equity shareholders in ₹	1,01,10,625	1,59,81,042
Basic and diluted earnings per share in ₹	24.98	39.48
Nominal value per equity share in ₹	10.00	10.00

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

26 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 2016 ₹	Year ended 31 March 2015 ₹
Management fees expense			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	77,49,474	72,10,585
Consultation fee expense			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	1,43,81,100	-
Vascon Engineers Limited	Entity having significant influence	1,43,81,100	-
Interest income			
Royal Orchid Hotels Limited	Holding company	17,25,261	8,39,905
Loan recovered			
Royal Orchid Hotels Limited	Holding company	46,66,140	-

iv. Balances with related parties are summarised below:

Name of the related party	Relationship	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Current account balances, receivables and interest accrued on receivables			
Royal Orchid Hotels Limited	Holding company	1,54,80,786	86,54,728
Loan outstanding from			
Royal Orchid Hotels Limited	Holding company	-	46,66,140
Management fee payable			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	26,57,311	40,24,088
Corporate guarantee taken outstanding			
Royal Orchid Hotels Limited	Holding company	-	10,00,00,000
Vascon Engineers Limited	Entity having significant influence	-	10,00,00,000

27 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 ₹ 837,965 (Year ended 31 March 2015: ₹ 795,574) for Provident Fund contributions, and ₹ 307,679 (Year ended 31 March 2015: ₹ 338,784) 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 21. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹			
Change in projected benefit obligation					
Projected benefit obligation at the beginning of the year	6,58,095	4,89,322			
Service cost	3,25,855	3,02,592			
Interest cost	51,441	44,039			
Benefit paid	(76,154)	-			
Actuarial (gain)/ loss on obligation	(2,12,396)	(1,77,858)			
Projected benefit obligation at the end of the year	7,46,841	6,58,095			
Components of net gratuity costs					
Service cost	3,25,855	3,02,592			
Interest cost	51,441	44,039			
Net actuarial (gain)/loss recognised in the year	(2,12,396)	(1,77,858)			
Expense recognised in Statement of Profit and Loss	1,64,900	1,68,773			
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	7,46,841	6,58,095			
Fair value of plan assets	-	-			
Liability recognised in the Balance Sheet	7,46,841	6,58,095			
Assumptions used for actuarial valuation of gratuity and compensated absences, as applicable					
Discount rate	8.00%	7.80%			
Expected return on plan assets	N/A	N/A			
Salary escalation	7.00%	7.00%			
Attrition for various categories of employees are in the range of	2% - 5%	2% - 5%			
Mortality rate (<i>LAL: Indian Assured Lives Mortality (2006-08) modified Ult.</i>)	100% of IAL	100% of IAL			
Experience adjustments:					
	2015-16 ₹	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹
Defined benefit obligation	7,46,841	6,58,095	4,89,322	6,11,161	7,66,811
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	7,46,841	6,58,095	4,89,322	6,11,161	7,66,811
Experience adjustments on liabilities	(1,93,254)	(2,60,656)	(1,66,450)	(4,98,362)	42,232
Experience adjustments on plan assets	-	-	-	-	-

Cosmos Premises Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
28 Earnings in foreign currency		
Income from operations	29,22,503	84,42,420
29 Expenditure in foreign currency		
Commission to travel agents	14,00,150	2,89,431
30 Payments to the statutory auditors (net of service tax input credit)		
For audit	5,00,000	4,00,000
Reimbursement of expenses	-	45,764
	5,00,000	4,45,764

31 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.

	Year ended 31 March 2016 ₹	%	Year ended 31 March 2015 ₹	%
32 Imported and indigenous consumption				
Food and beverages consumed (refer note 20)				
Imported	-	-	-	-
Indigenous	1,27,61,619	100	1,25,52,461	100
	1,27,61,619	100	1,25,52,461	100

33 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.

34 Commitments and contingencies

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
(i) Contingent liabilities	-	-
(ii) Commitments		
(a) Claims against the Company not acknowledged as debts - Bonus for the year 2014-15	2,09,945	-
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,76,141	-

35 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

Sd/-
M. Krishnamurthi
Director
DIN: 00037763

Bengaluru
Date: 16 May 2016

Bengaluru
Date: 16 May 2016

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 March 31, 2016, 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, as applicable.

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.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 March 31, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

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

Note 2 of the financial statements which indicates that the Company's current liabilities exceeded its current assets as at the balance sheet date by Rs . 1711.38 lakhs. These conditions indicate the existence of a material 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 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 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 financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- (e) The going concern matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse impact on the functioning of the company.
- (f) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (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, 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. Refer note 34 of the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund 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)

Sd/-

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU, May 27, 2016
MP/VMS/2016

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, 2016 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 qualified 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, 2016, 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 27, 2016

MP/VMS/MSK/2016

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 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. 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 the records examined by us and based on the examination of the registered sale deed provided 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. Therefore, the provisions of the clause 3(v) of the Order are not applicable to the company.
- (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) Undisputed statutory dues including Employee State Insurance, Provident Fund, Service Tax, Professional Tax, Tax Deducted at Source, Luxury Tax, Value Added Tax and other material statutory dues, as applicable, have not generally been regularly deposited and there have been delays in many cases.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, , Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable except for

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Due Date	Date of subsequent payment
Karnataka Labour Welfare Fund Act, 1965	Unclaimed Salary	1,589,634	2002-03 to 2012-13	31-March-2006 to 31-March-2016	-
	Unclaimed Bonus	996,172	2003-04 to 2011-12	30-Sep-2007 to 30-Sep-2015	-

- (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, 2016 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	Customs duty and penalty	Office of the 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
	Principal	Interest	
Due to Banks:			
State Bank of Hyderabad	6,946,000	2,628,652	1-61 days
State Bank of Travancore	5,555,000	2,553,250	1-61 days

- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- 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 is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- 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 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) 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-I 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 27, 2016

Icon Hospitality Private Limited
Balance Sheet as at 31 March 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	4	19,00,40,900	9,87,76,200
Reserves and surplus	5	19,54,25,856	24,07,69,330
		38,54,66,756	33,95,45,530
<i>Non-current liabilities</i>			
Long-term borrowings	6	5,54,01,333	13,76,29,537
Deferred tax liabilities (net)	7	-	1,07,09,538
Long-term provisions	8	27,57,422	22,70,410
		5,81,58,755	15,06,09,485
<i>Current liabilities</i>			
Short-term borrowings	6	2,50,00,000	2,48,75,171
Trade payables	9		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		5,84,85,538	4,61,41,175
Other current liabilities	10	11,70,34,285	13,18,17,095
Short-term provisions	8	2,91,410	15,49,889
		20,08,11,233	20,43,83,330
Total		64,44,36,744	69,45,38,345
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	11	60,96,92,166	65,63,76,915
Intangible assets	12	1,08,654	2,50,307
Capital work-in-progress		12,37,535	12,37,535
Long-term loans and advances	13	37,25,741	31,87,996
		61,47,64,096	66,10,52,753
<i>Current assets</i>			
Inventories	14	13,56,839	17,85,179
Trade receivables	15	1,74,74,938	1,18,30,847
Cash and cash equivalents	16	65,31,852	1,52,47,375
Short-term loans and advances	13	33,61,855	39,16,720
Other current assets	17	9,47,164	7,05,471
		2,96,72,648	3,34,85,592
Total		64,44,36,744	69,45,38,345

See accompanying notes to Financial Statements.

1-36

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/-

R.V.S. Rao

Director

DIN: 00061599

Sd/-

P. Satish Pai

Director

DIN: 00098002

Place: Bengaluru

Date: 27 May 2016

Place: Bengaluru

Date: 27 May 2016

Place: Bengaluru

Date: 27 May 2016

Icon Hospitality Private Limited
Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Revenue			
Revenue from operations (gross)	18	18,96,63,504	17,59,83,901
Less: Excise duty		-	-
Revenue from operations (net)		18,96,63,504	17,59,83,901
Other income	19	29,33,299	26,54,550
Total revenue		19,25,96,803	17,86,38,450
Expenses			
Food and beverages consumed	20	2,88,99,123	2,04,98,411
Employee benefits expense	21	3,50,41,973	3,72,85,135
Finance costs	22	3,92,18,224	4,52,80,638
Depreciation and amortisation	23	4,79,02,126	4,89,62,276
Other expenses	24	9,75,88,368	8,65,04,487
Total expenses		24,86,49,814	23,85,30,946
Loss before tax		(5,60,53,011)	(5,98,92,496)
Tax expense			
Current tax		-	-
Deferred tax		(1,07,09,537)	-
Minimum alternative tax credit		-	30,77,025
		(1,07,09,537)	30,77,025
Loss for the year		(4,53,43,474)	(6,29,69,521)
Earnings per equity share	25		
Basic/Diluted		(37.33)	(191.96)
See accompanying notes to Financial Statements	1-36		

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Sd/-

Monisha Parikh

Partner

Place: Bengaluru

Date: 27 May 2016

For and on behalf of the Board of Directors

Sd/-

R.V.S. Rao

Director

DIN: 00061599

Place: Bengaluru

Date: 27 May 2016

Sd/-

P. Satish Pai

Director

DIN: 00098002

Place: Bengaluru

Date: 27 May 2016

Icon Hospitality Private Limited
Cash Flow Statement for the year ended 31 March 2016

3

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
A. Cash flow from operating activities		
Net loss before tax	(5,60,53,011)	(5,98,92,496)
Depreciation and amortisation	4,79,02,126	4,89,62,276
Interest income	(6,90,711)	(6,27,019)
Interest expense	3,92,18,224	4,52,80,638
Liabilities no longer required written back	(10,68,795)	(9,09,868)
Gain on sale of tangible assets	(4,73,934)	(3,28,404)
Provision for doubtful trade receivables	5,77,798	-
Operating profit before working capital changes	2,94,11,697	3,24,85,127
Adjustments for (increase)/decrease in operating assets:		
Inventories	4,28,340	1,19,905
Trade receivables	(62,21,889)	(34,64,391)
Short-term loans and advances	7,78,556	(11,19,174)
Long-term loans and advances	20,500	(1,70,000)
Other current assets	(2,41,693)	41,20,877
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1,23,44,363	1,03,93,370
Other current liabilities	(26,89,324)	97,71,890
Short-term provisions	(12,58,479)	(1,17,149)
Long-term provisions	4,87,012	2,74,206
Cash generated from operations	3,30,59,083	5,22,94,662
Taxes paid	(5,58,245)	(2,22,645)
Net cash generated from operating activities	3,25,00,838	5,20,72,017
B. Cash flows from investing activities		
Capital expenditure on fixed assets, including capital advances	(10,75,724)	(1,71,749)
Proceeds from sale of fixed assets	4,73,934	3,28,404
Interest received	4,67,021	6,27,019
Net cash generated from investing activities	(1,34,769)	7,83,674
C. Cash flows from financing activities		
Interest paid	(2,86,31,394)	(3,96,66,819)
Repayment of long-term borrowings	(5,12,55,060)	(4,53,58,772)
Net increase / (decrease) in working capital borrowings	1,24,829	(2,33,512)
Proceeds from short term borrowings	-	4,00,00,000
Proceeds from Debenture application money pending allotment	2,01,49,333	-
Proceeds towards allotment of equity share capital	1,85,30,700	-
Net cash used in financing activities	(4,10,81,592)	(4,52,59,102)
Net increase in cash and cash equivalents (A+ B+C)	(87,15,523)	75,96,588
Cash and cash equivalents at the beginning of the year	98,72,375	22,75,787
Cash and cash equivalents at the end of the year (refer note 16)	11,56,852	98,72,375

In terms of our report attached.

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 27 May 2016

For and on behalf of the Board of Directors

Sd/-
R.V.S. Rao
Director
DIN: 00061599

Sd/-
P. Satish Pai
Director
DIN: 00098002

Place: Bengaluru
Date: 27 May 2016

Place: Bengaluru
Date: 27 May 2016

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 Royal Orchid Central in Bangalore, India. For its daily operations, the Company has also entered into a profit sharing agreement with Royal Orchid Associated Hotels Private Limited, a subsidiary of the holding Company for which it pays management fee based on a pre determined percentage of net profits.

2) Operational outlook

The Company has suffered a loss of ₹ 45,343,474 during the year and has an accumulated deficit ₹ 162,957,744 as at 31 March 2016 (refer note 5). Further, the current liabilities exceed current assets by ₹ 171,138,585 as on the Balance Sheet date. This has largely been attributable to the competitive economic environment in which the Company operates its hotel property and the finance cost on term loans taken from banks for renovation and development of the property. The Company has adopted certain measures to improve its financial performance and continues to tightly monitor its cost control measures, resulting in savings of cash out flows. The Company's management has taken steps towards reduction of operating, general and administration expenses which has translated into savings in the current year and the management believes they will continue to achieve cost reduction in future also. Further, the shareholders have given an undertaking to support the operations and the financial requirements of the Company.

In view of the above, the Company expects to generate cash profits in the future and does not foresee any inability to continue as a going concern or face difficulty in settling liabilities as and when they arise. Consequently, the management believes that the use of the going concern assumption continues to be appropriate in the preparation of these financial statements. Accordingly, the assets and liabilities have been recorded in these financial statements on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of the 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). 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 with Rule 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, 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.

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/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

(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.

(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.

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

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

(p) 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.

(q) Cash flow statement

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

(r) Operating cycle

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

Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts ₹	Number	Amounts ₹
4 Share capital				
Authorised share capital				
Equity shares of ₹ 100 each	20,00,000	20,00,00,000	9,90,000	9,90,00,000
	20,00,000	20,00,00,000	9,90,000	9,90,00,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 100 each	19,00,409	19,00,40,900	9,87,762	9,87,76,200
	19,00,409	19,00,40,900	9,87,762	9,87,76,200
	As at 31 March 2016		As at 31 March 2015	
	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	9,87,762	9,87,76,200	1,87,762	1,87,76,200
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	8,00,000	8,00,00,000
Balance at the end of the year	19,00,409	19,00,40,900	9,87,762	9,87,76,200
b) Shares held by holding company				
Equity shares of ₹100 each				
Royal Orchid Hotels Limited - Holding Company	9,70,536	9,70,53,600	5,04,449	5,04,44,900
Royal Orchid Goa Private Limited - Fellow Subsidiary	1	100	-	-
	9,70,537	9,70,53,700	5,04,449	5,04,44,900
c) Shareholders holding more than 5% of the shares				
Equity shares of ₹100 each				
	Number of shares held	% holding in class of shares	Number of shares held	% holding in class of shares
Royal Orchid Hotels Limited - Holding Company	9,70,536	51.07%	5,04,449	51.07%
Mr. P. Dayanand Pai	9,17,872	48.30%	4,71,313	47.72%
	18,88,408	99.37%	9,75,762	98.79%
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 2016. Further, there has been no shares issued for consideration other than cash.				

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
5 Reserves and surplus		
Securities premium reserve	35,77,33,600	35,77,33,600
Currency translation reserve	6,50,000	6,50,000
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(11,76,14,270)	(2,16,70,296)
Add: Loss for the year	(4,53,43,474)	(6,29,69,521)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)	-	(3,29,74,453)
	(16,29,57,744)	(11,76,14,270)
	19,54,25,856	24,07,69,330

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	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
6 Borrowings				
Secured				
From Banks:				
Term Loans (Refer table (a) and (b) below)	10,77,57,000	-	15,68,32,763	-
Vehicle loans (Refer table (c) below)	11,86,284	-	33,65,581	-
Loans repayable on demand from a bank (Refer note (vi) below)	-	2,50,00,000	-	2,48,75,171
	10,89,43,284	2,50,00,000	16,01,98,344	2,48,75,171
Less : Current maturities of long term debt (refer note (v) below)	7,36,91,284	-	6,25,68,807	-
	3,52,52,000	2,50,00,000	9,76,29,537	2,48,75,171
Unsecured				
Nil (31 March 2015: 400,000), 18% Compulsorily Convertible Debentures of ₹ 100 each (Refer note (vii) below)	-	-	4,00,00,000	-
Debenture application money pending allotment	2,01,49,333	-	-	-
	2,01,49,333	-	4,00,00,000	-
Total borrowings	5,54,01,333	2,50,00,000	13,76,29,537	2,48,75,171
(a) Term Loan from State Bank of Hyderabad (Refer Note (i) and (iii) below)				
Non-current	1,95,74,000	-	5,29,12,000	-
Current	4,02,84,000	-	3,36,18,000	-
	5,98,58,000	-	8,65,30,000	-
(b) Term Loan from State Bank of Travancore (Refer note (ii) and (iii) below)				
Non-current	1,56,78,000	-	4,36,14,180	-
Current	3,22,21,000	-	2,66,88,583	-
	4,78,99,000	-	7,03,02,763	-
(c) Vehicle Loans (Refer note (iv) below)				
Non-current	-	-	11,03,357	-
Current	11,86,284	-	22,62,224	-
	11,86,284	-	33,65,581	-

Notes:**(i) Term Loan from State Bank of Hyderabad**

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, Key Management Personnel - Mr. Chander K. Baljee, and directors Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantees as security to the banks. The loan is repayable in 38 quarterly installments of Rs. 78.12 lakhs for the first 12 months, Rs. 33.33 lakhs for the next 4 months, Rs. 41.67 lakhs for the next 4 months, Rs. 55.56 lakhs for the next 4 months, Rs. 58.34 lakhs for the next 4 months, Rs. 69.46 lakhs for the next 4 months, Rs. 83.34 lakhs for the next 2 months, Rs. 83.35 lakhs for the next 2 months and Rs. 97.87 lakhs for the last two months ending on September 2017. The rate of interest varies from 15.25%-15.75% determined using the prime lending rate (PY 15.70%-15.75%).

6 Borrowings (Cont'd)

Notes (Cont'd):

(ii) Term Loan from State Bank of Travancore

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, the Key Management Personnel - Mr. Chander K. Baljee, and directors Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantees as security to the banks. The loan is repayable in 38 quarterly installments of Rs. 62.50 lakhs for the first 12 months, Rs. 26.66 lakhs for the next 4 months, Rs. 33.33 lakhs for the next 4 months, Rs. 44.44 lakhs for the next 4 months, Rs. 46.66 lakhs for the next 4 months, Rs. 55.55 lakhs for the next 4 months, Rs. 66.66 lakhs for the next 2 months, Rs. 66.67 lakhs for the next 2 months and Rs. 78.39 lakhs for the last two months ending on September 2017. The rate of interest varies from 17.5-17.75% determined using the prime lending rate (PY 15.70%-15.75%).

(iii) Term loan instalment comprising principal of ₹ 12,501,000 (Rs. 6,946,000 for State Bank of Hyderabad and Rs.5,555,000 for State Bank of Travancore) (31 March 2015 - ₹ 10,500,000) and interest of ₹ 5,181,902 (₹ 2,628,652 for State Bank of Hyderabad and Rs.2,553,250 for State Bank of Travancore) (31 March 2015 - ₹ 5,927,497) payable to banks for the quarter of March 2016, remains unpaid as on 31 March 2016.

(iv) Vehicle loans

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

(v) The current portion of the term loan where installments are due within one year have been classified under "current maturities of long term debt" under other current liabilities. (Refer Note 10)

(vi) 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 Key Management Personnel - Mr. Chander K. Baljee, and directors Mr. P. Dayanand Pai and Mr. P. Satish Pai have given personal guarantee as security to the bank. Bank overdraft bears a floating interest rates ranging between 14.25% - 15.70% during the year. (PY floating interest rate 15%)

(vii) During the year, the Company converted the 18%, Unsecured, Compulsorily Convertible Debentures into equity share capital.

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Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
7 Deferred tax liabilities (net)		
Deferred tax liability on		
Timing difference on depreciation on tangible and intangible assets	1,07,09,537	1,07,09,538
Deferred tax asset on		
Unabsorbed depreciation allowance	1,07,09,537	-
	-	1,07,09,538

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
8 Provisions				
Provisions for employee benefits (Refer note 27(b))				
Gratuity	21,09,082	61,081	22,70,410	1,99,279
Compensated absences	6,48,340	2,30,329	-	13,50,610
	27,57,422	2,91,410	22,70,410	15,49,889

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
9 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		
Creditors	1,73,27,442	1,24,76,850
Dues to employees	45,36,601	40,42,744
Accrued expenses	41,32,350	36,02,621
Management fee payable to fellow subsidiary	3,24,89,145	2,60,18,960
	5,84,85,538	4,61,41,175

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.

10 Other current liabilities		
Current maturities of long term debt	7,36,91,284	6,25,68,807
Debenture application money pending allotment	-	3,27,33,816
Interest accrued but not due on borrowings	1,13,35,002	11,36,219
Interest accrued and due on borrowings	51,81,902	59,27,497
Dues to Holding Company	1,19,51,467	1,28,38,125
Statutory dues	49,48,517	69,17,671
Due to companies under the same management	8,55,616	15,88,415
Advances received from customers	32,67,063	22,05,873
Book overdraft	57,94,863	58,79,467
Other payables	8,571	21,205
	11,70,34,285	13,18,17,095

11 Tangible assets

	Land (Freehold)	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	(Amount in ₹) Total
Gross block								
Balance as at 01 April 2014	25,35,17,602	20,36,11,436	39,69,82,388	5,28,16,290	2,86,69,180	6,55,43,809	80,18,258	1,00,91,58,963
Additions	-	-	1,32,059	39,690	-	-	-	1,71,749
Disposals	-	-	-	-	40,42,764	-	-	40,42,764
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
Accumulated depreciation								
Balance as at 01 April 2014	-	5,19,06,709	12,51,30,608	3,66,73,318	1,31,25,286	2,02,87,254	77,13,848	25,48,37,023
Charge for the year	-	64,96,177	3,04,57,944	66,29,439	51,79,299	66,407	25,585	4,88,54,851
Disposals	-	-	-	-	40,42,764	-	-	40,42,764
Depreciation on fully used assets due to adoption of schedule II of Companies Act, 2013	-	-	-	31,96,030	7,30,453	4,51,23,740	2,11,700	4,92,61,923
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
Net block								
Balance as at 31 March 2015	25,35,17,602	14,52,08,550	24,15,25,895	63,57,193	96,34,142	66,408	67,125	65,63,76,915
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

Note :

During the year ended 31 March 2015, the Company has reassessed the useful life of the fixed assets internally which coincide with the indicative useful life given in Schedule II of the Companies Act 2013. The aforesaid change did have a material impact on statement of profit and loss for the year ended 31 March 2015 amounting to ₹ 10,233,016. However, in accordance with the transitional provision, unamortized depreciation amounting to ₹ 49,261,923, towards tangible assets that should have been fully depreciated based on the revised useful life given in Schedule II of the Companies Act 2013, has been adjusted to the opening reserves and surplus.

12 Intangible assets

	Amount ₹
Gross block	
Balance as at 01 April 2014	16,16,329
Additions	-
Balance as at 31 March 2015	16,16,329
Additions	-
Balance as at 31 March 2016	16,16,329
Accumulated amortisation	
Balance as at 01 April 2014	12,58,597
Charge for the year	1,07,425
Balance as at 31 March 2015	13,66,022
Charge for the year	1,41,653
Balance as at 31 March 2016	15,07,675
Net block	
Balance as at 31 March 2015	2,50,307
Balance as at 31 March 2016	1,08,654

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Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
13 Loans and advances				
(Unsecured, considered good)				
Security deposits	9,92,900	-	10,13,400	-
Due from companies under the same management	-	1,90,294	-	-
Prepaid expenses	-	8,88,395	-	22,07,192
Advance tax [net of provision for taxation - ₹ Nil (31 March 2015 - ₹ Nil)]	27,32,841	-	21,74,596	-
Advance to suppliers	-	12,40,089	-	5,86,949
Other advances	-	10,43,077	-	11,22,579
	37,25,741	33,61,855	31,87,996	39,16,720
			As at	As at
			31 March 2016	31 March 2015
			₹	₹
14 Inventories				
Food and beverages			10,74,961	14,02,321
Stores and spares			2,81,878	3,82,858
			13,56,839	17,85,179
15 Trade receivables				
Outstanding for a period exceeding six months from the due date				
Unsecured, considered good			-	-
Unsecured, considered doubtful			43,68,498	37,90,700
			43,68,498	37,90,700
Other debts				
Unsecured, considered good			1,74,74,938	1,18,30,847
			2,18,43,436	1,56,21,547
Less : Provision for doubtful trade receivables			43,68,498	37,90,700
			1,74,74,938	1,18,30,847
16 Cash and cash equivalents				
Balances with banks				
in current accounts			-	82,80,262
in deposit account (with maturity upto 3 months)			8,47,000	12,79,349
Cash on hand			3,09,852	3,12,764
Total Cash and Cash Equivalents (A) (as per AS 3 -Cash Flow Statement)			11,56,852	98,72,375
Other bank balances				
In deposit account (original maturity of more than 3 months)			53,75,000	53,75,000
Total Other bank balances (B)			53,75,000	53,75,000
Total Cash and Cash Equivalents (A+B)			65,31,852	1,52,47,375
17 Other current assets				
Unbilled revenue			9,47,164	7,05,471
			9,47,164	7,05,471

Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
18 Revenue from operations		
Sale of services		
Room nights	11,60,55,565	11,67,87,826
Food and beverages	6,97,27,577	5,45,50,893
Other services	38,80,362	46,45,182
	18,96,63,504	17,59,83,901
19 Other income		
Interest income from deposits with banks (Refer note (i) below)	6,90,711	6,27,019
Other non operating income (Refer note (ii) below)	22,42,588	20,27,531
	29,33,299	26,54,550
(i) Interest income comprises of:		
Interest from bank on deposits	5,63,103	5,59,777
Interest on Income tax refund	1,27,608	67,242
	6,90,711	6,27,019
(ii) Other non operating income comprises of:		
Profit on sale of fixed assets	4,73,934	3,28,404
Liabilities no longer required written back	10,68,795	9,09,868
Others	6,99,859	7,89,259
	22,42,588	20,27,531
20 Food and beverages consumed		
Opening stock	14,02,321	15,13,262
Add : Purchases during the year	2,85,71,763	2,03,87,470
	2,99,74,084	2,19,00,732
Less : Closing stock	10,74,961	14,02,321
	2,88,99,123	2,04,98,411
21 Employee benefits expense		
Salaries, wages and bonus	2,94,17,084	3,16,64,180
Contribution to provident fund (Refer note 27(a))	13,11,884	12,25,457
Gratuity (Refer note 27(b))	44,461	2,97,886
Staff welfare expenses	42,68,544	40,97,612
	3,50,41,973	3,72,85,135
22 Finance costs		
Interest expenses on Borrowings	3,92,18,224	4,52,80,638
	3,92,18,224	4,52,80,638
23 Depreciation and amortisation		
Tangible assets (Refer note 11)	4,77,60,473	4,88,54,851
Intangible assets (Refer note 12)	1,41,653	1,07,425
	4,79,02,126	4,89,62,276

Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
24 Other expenses		
Linen and room supplies	36,94,510	42,88,162
Catering & Kitchen supplies	22,62,655	18,82,919
Cablenet charges	3,12,041	14,12,728
Uniform washing and laundry	21,72,566	20,40,955
Hire charges	55,97,093	24,11,660
Management fees	1,07,82,628	1,01,99,536
Power and fuel	1,81,86,713	2,01,26,568
Water	6,50,041	6,43,098
Security charges	11,77,054	7,99,651
Telephone, internet and fax	33,19,521	31,49,155
Printing and stationery	9,39,169	9,18,185
Rent	34,99,442	27,03,667
Repairs and maintenance		
- Buildings	17,12,313	26,62,561
- Plant and equipment	21,93,317	29,24,731
- Others	29,20,858	7,95,486
Insurance	8,00,350	9,82,259
Commission, brokerage and discount	47,61,646	35,60,693
Legal and professional	52,73,324	45,05,863
Travelling and conveyance	26,93,766	16,82,995
Membership and subscription	17,52,475	14,37,653
Advertisement and business promotion	30,24,880	18,23,076
Rates and taxes	90,61,754	85,52,627
Provision for doubtful trade receivables	5,77,798	-
Contract charges	76,47,951	53,58,895
Bank charges	3,96,314	2,38,353
Music and entertainment	1,89,381	3,07,781
Miscellaneous	19,88,808	10,95,229
	9,75,88,368	8,65,04,487
25 Earnings per share		
Weighted average number of equity shares outstanding	12,14,677	3,28,036
Net profit after tax attributable to equity shareholders	(4,53,43,474)	(6,29,69,521)
Basic and diluted earnings per equity share	(37.33)	(191.96)
Nominal value per equity share	10	10

Note: Issues of shares during the year is anti-dilutive in nature.

Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

26 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

ii. Key Management Personnel (KMP)

Mr. P. Dayanand Pai	Director
Mr. Chander K Baljee *	Director (resigned w.e.f. 02 December 2014)
Mr. P. Satish Pai	Director
Mr. Shekhar Bhargava	Director

iii. Relatives of key management personnel

Mrs. Sunita Baljee	till 01 Dec 2014
--------------------	------------------

iv. 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	w.e.f 02 December 2014
Mrs. Sunita Baljee	

iv. Transactions with related parties during the year:

Nature of transactions	Relationship	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Interest on unsecured loan			
Royal Orchid Hotels Limited	Holding Company	-	50,15,626
Mr. P. Dayanand Pai	KMP	-	27,43,260
Interest on Compulsorily Convertible Debentures			
Royal Orchid Hotels Limited	Holding Company	66,12,014	11,04,658
Mr. P. Dayanand Pai	KMP	43,80,367	1,57,808
Management fee expense			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	1,07,82,628	1,01,99,536
Consultancy charges			
Mrs. Sunita Baljee	Relative of KMP	34,18,050	28,09,000
Conversion of unsecured loans into equity			
Royal Orchid Hotels Limited	Holding Company	-	4,08,56,000
Mr. P. Dayanand Pai	KMP	-	3,91,44,000
Conversion of unsecured loans into 18%, Unsecured, Compulsorily Convertible Debentures			
Royal Orchid Hotels Limited	Holding Company	-	3,50,00,000
Mr. P. Dayanand Pai	KMP	-	50,00,000
Conversion of unsecured loans and interest accrued thereon into 18%, Unsecured, Debenture application money			
Royal Orchid Hotels Limited	Holding Company	-	97,46,389
Mr. P. Dayanand Pai	KMP	-	2,29,87,427
Loans taken			
Mr. P. Dayanand Pai	KMP	1,66,68,400	-
18%, Unsecured, Compulsorily Convertible Debenture application money pending allotment			
Royal Orchid Hotels Limited	Holding Company	2,01,49,333	-

Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

26 Related parties (Cont'd)

iv. Transactions with related parties during the year (Cont'd):

Nature of transactions	Relationship	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Conversion of 18%, Unsecured, 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	-
Payment towards equity share capital			
Royal Orchid Hotels Limited	Holding Company	18,62,300	-

v. Balances payable to related parties is summarised below:

Nature of transactions	Relationship	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Management fees			
Royal Orchid Associated Hotels Private Limited	Fellow subsidiary	3,24,89,145	2,60,18,960
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	28,32,680	5,00,290
Interest accrued on 18%, Unsecured, Compulsorily Convertible Debentures and Debenture Application Money (net of taxes deducted at source)			
Royal Orchid Hotels Limited	Holding Company	69,48,148	9,94,192
Mr. P. Dayanand Pai	KMP	40,84,357	1,42,027
Current account balances			
Royal Orchid Hotels Limited	Holding Company	1,19,51,467	1,29,99,644
Guarantees received by the Company			
Mr. Chander K. Baljee	KMP	-	45,00,00,000
	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	45,00,00,000	-
Mr. P. Dayanand Pai	KMP	45,00,00,000	45,00,00,000
Mr. P. Satish Pai	KMP	45,00,00,000	45,00,00,000

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

27 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 ₹ 1,311,884 (Year ended 31 March 2015: ₹ 1,225,457) for Provident Fund contributions, and ₹ 467,977 (Year ended 31 March 2015: ₹ 533,524) 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 21. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	24,69,689	21,71,803
Service cost	3,75,954	5,29,487
Interest cost	1,93,046	1,95,462
Benefit paid	(3,43,987)	-
Actuarial (gain)/ loss on obligation	(5,24,539)	(4,27,063)
Projected benefit obligation at the end of the year	21,70,163	24,69,689
Components of net gratuity costs		
Service cost	3,75,954	5,29,487
Interest cost	1,93,046	1,95,462
Net actuarial (gain)/loss recognised in the year	(5,24,539)	(4,27,063)
Expense recognised in Statement of Profit and Loss	44,461	2,97,886
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	21,70,163	24,69,689
Fair value of plan assets	-	-
Liability recognised in the Balance Sheet	21,70,163	24,69,689
Assumptions used for actuarial valuation of gratuity and compensated absences, as applicable		
Discount rate	8.00%	7.80%
Expected return on plan assets	N/A	N/A
Salary escalation	7.00%	7.00%
Attrition	2 - 5%	2 - 5%
Mortality rate (<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:

	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
Defined benefit obligation	21,70,163	24,69,689	21,71,803	28,13,715	24,02,375
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	21,70,163	24,69,689	21,71,803	28,13,715	24,02,375
Experience adjustments on liabilities	4,76,965	7,11,297	7,33,819	3,52,241	(66,418)
Experience adjustments on plan assets	-	-	-	-	-

Icon Hospitality Private Limited

Notes forming part of the financial statements for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
28 Earnings in foreign currency		
Income from operations	83,02,577	2,42,58,794
29 Expenditure in foreign currency		
Commission	5,88,997	2,71,805
Membership fees	8,51,634	7,16,397
	14,40,631	9,88,202
30 Payments to the statutory auditors (net of service tax input credit)		
For audit	5,00,000	4,00,000
	5,00,000	4,00,000

31 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.

	Year ended 31 March 2016 Amount (₹)	%	Year ended 31 March 2015 Amount (₹)	%
32 Imported and indigenous consumption				
Food and beverages consumed				
- Imported	-	-	-	-
- Indigenous	2,88,99,123	100%	2,04,98,411	100%
	2,88,99,123	100%	2,04,98,411	100%

Consumption above is net of ₹ 1,812,044 (31 March 2015 - ₹ 1,974,091) representing amounts utilised for internal consumption which has been classified under employee benefits expense.

33 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.

34 The Company had received order from Office of the Commissioner of Customs (Export) imposing differential duties and penalties amounting to ₹ 32,336,410 plus applicable interests for certain alleged violations of the Export Promotion Capital Goods Scheme. The Company has filed an appeal before the 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.

35 Commitments and contingencies

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
(a) Claims against the Company not acknowledged as debts - Bonus	3,24,000	-

36 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/-	Sd/-
R.V.S. Rao	P. Satish Pai
Director	Director
DIN: 00061599	DIN: 00098002

Place: Bengaluru	Place: Bengaluru
Date: 27 May 2016	Date: 27 May 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARUTI COMFORTS AND INN PRIVATE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MARUTI COMFORTS AND INN PRIVATE LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone financial statements

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

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

Opinion

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

Emphasis of Matter

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. 314.58 lakhs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not qualified in respect of the above matter.

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, as applicable.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The going concern matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (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, 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; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund 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)

Sd/-

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU, May 28, 2016
MP/VMS/MSK/2016

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 AND INN PRIVATE LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company as of and for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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, 2016, 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 28, 2016

MP/VMS/MSK/2016

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 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. 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 the lease agreements, we report that in respect of building constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (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) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) Undisputed statutory dues including Employee State Insurance, Provident Fund, Service Tax, Profession tax, Tax deducted at source, Luxury Tax, Value Added Tax, and other material statutory dues, as applicable, have not generally been regularly deposited with appropriate authorities and there have been delays in many cases.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, , Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 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 the repayment of loans or borrowings to financial institutions and banks and dues to debenture holders. 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) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- 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 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us, the Company has made private placement of fully convertible 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, except for:

Nature of securities	Amount	Nature of non-compliance
Fully Convertible Debentures	31,65,000	The information about the offer has not been filed with the registrar within a period of 30 days.

- 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-I 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 28, 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	4	6,24,96,900	6,24,96,900
Reserves and surplus	5	10,78,160	(27,23,095)
		6,35,75,060	5,97,73,805
Non-current liabilities			
Long-term borrowings	6	1,06,65,000	75,00,000
Deferred tax liability, net	7	48,03,005	30,11,282
Other long term liabilities	8	1,60,81,090	1,34,11,750
Long-term provisions	9	17,94,095	13,97,318
		3,33,43,190	2,53,20,350
Current liabilities			
Trade payables	10		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		4,33,17,126	4,25,65,863
Other current liabilities	11	1,29,01,182	2,03,45,494
Short-term provisions	9	2,83,838	1,94,113
		5,65,02,146	6,31,05,470
Total		15,34,20,396	14,81,99,625
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	8,96,26,303	9,58,81,550
Long-term loans and advances	13	3,87,50,736	3,86,35,606
		12,83,77,039	13,45,17,156
Current assets			
Inventories	14	29,82,512	19,89,441
Trade receivables	15	1,23,75,511	75,78,591
Cash and cash equivalents	16	71,29,215	6,80,704
Short-term loans and advances	13	22,70,125	29,09,144
Other current assets	17	2,85,994	5,24,589
		2,50,43,357	1,36,82,469
Total		15,34,20,396	14,81,99,625

See accompanying notes to the financial statements.

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In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-

Monisha Parikh
Partner

Place: Bengaluru
Date: 28 May 2016

For and on behalf of the Board of Directors

Sd/-

Amit Jaiswal
Director
DIN: 03448511

Place: Bengaluru
Date: 28 May 2016

Sd/-

Ravi S. Doddi
Director
DIN: 00101115

Place: Bengaluru
Date: 28 May 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Revenue			
Revenue from operations (gross)	18	14,04,95,903	13,06,48,840
Less : Excise duty		-	-
Revenue from operations (net)		14,04,95,903	13,06,48,840
Other income	19	59,52,763	3,35,326
Total revenue		14,64,48,666	13,09,84,166
Expenses			
Food and beverages consumed	20	2,41,10,871	2,11,13,485
Employee benefits expense	21	4,12,50,140	3,22,57,864
Finance costs	22	27,31,765	51,46,958
Depreciation expense	23	75,06,482	83,82,358
Other expenses	24	6,52,56,430	6,23,49,348
Total expenses		14,08,55,688	12,92,50,013
Profit before tax		55,92,978	17,34,153
Tax expense			
Current tax		11,40,000	3,46,965
Deferred tax expense		17,91,723	11,56,050
Minimum alternative tax credit entitlement		(11,40,000)	(3,46,965)
		17,91,723	11,56,050
Net profit after tax		38,01,255	5,78,103
Earnings per equity share of ₹ 100 each	25		
Basic/Diluted		6.11	0.93
See accompanying notes to the financial statements.	3 - 36		

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 28 May 2016

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
Ravi S. Doddi
Director
DIN: 00101115

Place: Bengaluru
Date: 28 May 2016

Place: Bengaluru
Date: 28 May 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
A. Cash flow from operating activities		
(Loss)/profit before tax	55,92,978	17,34,153
Adjustments for :		
Provision for doubtful debts	-	4,43,998
Depreciation	75,06,482	83,82,358
Interest income	(1,75,916)	(58,940)
Interest expense	2,71,309	49,13,944
Operating profit before working capital changes	1,31,94,853	1,54,15,513
Changes in working capital :		
Increase in liabilities and provisions	77,38,455	1,62,67,719
Increase in trade receivables	(47,96,920)	(25,40,898)
Increase in inventories	(9,93,071)	(9,14,185)
Decrease in loans and advances	14,09,785	23,14,373
Decrease/(Increase) in other current assets	2,42,159	(2,80,422)
Cash generated from operations	1,67,95,261	3,02,62,100
Taxes paid, net of income tax refund	8,85,896	7,72,320
Net cash generated from operating activities	1,59,09,365	2,94,89,780
B. Cash flows from investing activities		
Purchase of fixed assets (including changes in capital work-in-progress)	(12,51,235)	(43,93,136)
Interest received	1,72,352	58,940
Increase in other bank balances	(6,00,000)	-
Net cash used in investing activities	(16,78,883)	(43,34,196)
C. Cash flows from financing activities		
Interest paid	(7,69,645)	(68,19,062)
Repayment of long term borrowings	(76,12,326)	(2,87,84,257)
Proceeds from compulsorily convertible debentures	-	86,65,692
Net cash used in financing activities	(83,81,971)	(2,69,37,627)
Net increase in cash and cash equivalents (A+B+C)	58,48,511	(17,82,043)
Cash and cash equivalents at the beginning of the year	6,80,704	24,62,747
Cash and cash equivalents at the end of the year (refer note 16)	65,29,215	6,80,704

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

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: 28 May 2016

For and on behalf of the Board of Directors

Sd/-
Amit Jaiswal
Director
DIN: 03448511

Sd/-
Ravi S. Doddi
Director
DIN: 00101115

Place: Bengaluru
Date: 28 May 2016

Place: Bengaluru
Date: 28 May 2016

Notes forming part of the financial statements for the year ended 31 March 2016

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 a fellow subsidiary for which it pays management fee based on a pre determined percentage of operating revenues and profits.

2 Operational outlook

The Company has an accumulated deficit of ₹ 37,616,260 as at 31 March 2016 which is more than fifty per cent of its net worth and the Company's current liabilities exceed current assets as at the Balance Sheet date by ₹ 31,458,789. This has largely been attributable to the competitive economic environment in which the Company operates its hotel property, the finance cost on term loans taken from banks for renovation and impact of schedule II of the companies Act, 2013 on opening reserves. The Company has adopted certain measures to improve its financial performance and continues to tightly monitor its cost control measures, resulting in savings of cash out flows. The Company's management has taken steps towards reduction of operating, general and administration expenses which will translate into savings in the next financial year.

In view of the above, the Company expects to generate cash profits in the future and does not foresee any difficulty in settling liabilities as and when they arise. Consequently, the management believes that the use of the going concern assumption continues to be appropriate in the preparation of these financial statements. Accordingly, the assets and liabilities have been recorded in these financial statements on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. 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.

3 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 (In 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 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.

(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 rate at the date of the transaction. 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

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.

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

(l) 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.

(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 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.

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

(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) 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.

(q) Cash flow statement

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

(r) Operating cycle

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

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	As at 31 March 2016		As at 31 March 2015	
	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 share capital				
Equity shares of ₹100 each	7,99,286	7,99,28,600	7,99,286	7,99,28,600
	7,99,286	7,99,28,600	7,99,286	7,99,28,600
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	6,08,536	6,08,53,600
Add: Issued during the year	-	-	16,433	16,43,300
Balance at the end of the year	6,24,969	6,24,96,900	6,24,969	6,24,96,900
b) Shares held by Holding Company				
Equity shares of ₹ 100 each				
Royal Orchid Hotels Limited - Holding Company	4,07,635	4,07,63,500	4,07,636	4,07,63,600
Royal Orchid Goa Private Limited - Fellow Subsidiary	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				
Royal Orchid Hotels Limited	4,07,635	4,07,63,500	4,07,636	4,07,63,600
Senet Cables Private Limited	2,17,333	2,17,33,300	2,17,333	2,17,33,300
	6,24,968	6,24,96,800	6,24,969	6,24,96,900

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 2016. Further, the Company has not issued any shares for consideration other than cash.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
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	(4,14,17,515)	(3,62,66,860)
Add : Profit for the year	38,01,255	5,78,103
Less: Depreciation on fully used assets due to adoption of schedule II of Companies Act, 2013 (refer note 12)	-	(85,58,433)
Add: Deferred tax impact on depreciation on fully used assets due to adoption of schedule II of Companies Act, 2013	-	28,29,675
Balance at the end of the year	(3,76,16,260)	(4,14,17,515)
	10,78,160	(27,23,095)

	As at 31 March 2016		As at 31 March 2015	
	Long term ₹	Short term ₹	Long term ₹	Short term ₹
6 Borrowings				
Secured				
Term loan from a bank	-	-	75,00,000	-
Vehicle loan	-	-	1,12,326	-
	-	-	76,12,326	-
Unsecured				
106,650 (31 March 2015: 75,000), 18% Compulsorily Convertible Debentures of ₹ 100 each (refer note (d))	1,06,65,000	-	75,00,000	-
	1,06,65,000	-	1,51,12,326	-
Less: Current maturities of long term debt (refer note (e))	-	-	76,12,326	-
	1,06,65,000	-	75,00,000	-

Notes:**(a) Details of guarantee for term loan from a bank**

Term loan of ₹ 120 million from State Bank of Hyderabad was secured by way of first charge on all movable and immovable assets of the Company including equitable mortgage of lease hold rights of land and building. Additionally, these borrowings were secured by the personal guarantees of Mr. Ravi S. Doddi and Mr. Chander K. Baljee, the directors of the Company.

(b) Terms of repayment

i) The secured loan facility of ₹ 120 million from State Bank of Hyderabad was repayable in 20 quarterly instalments ranging from ₹ 3.12 million to ₹ 7.50 million starting from 30 June 2010, bearing a floating interest rate of 14.90% during the year.

ii) The Company had availed the vehicle loan of ₹ 0.93 million from State Bank of Hyderabad in September 2010. The loan was repayable in 60 monthly instalments of ₹ 20,382 starting from 15 October 2010 and was secured by a charge on the vehicle.

(c) During the year, the Company has repaid the loan and the principal balance outstanding as at 31 March 2016 is ₹ Nil (31 March 2015 - 7,500,000) and the interest payable as at 31 March 2016 is ₹ Nil (31 March 2015 - ₹ 498,336).

(d) 18%, Unsecured, Compulsorily Convertible Debentures are convertible at par on or before 5 years at the option of the Debenture Holder from the date of allotment.

(e) The current portion of secured loans where instalments are due within one year have been classified under "current maturities of long term debt" under other current liabilities.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
7 Deferred tax liability, net		
Deferred tax liability		
Timing difference on depreciation	65,93,492	61,37,767
	65,93,492	61,37,767
Deferred tax assets		
Provision for brought forward unabsorbed depreciation loss	17,90,487	17,90,487
Provision for doubtful debts	-	5,78,836
Provision for employee benefits	-	7,57,162
	17,90,487	31,26,485
	48,03,005	30,11,282
	As at 31 March 2016 ₹	As at 31 March 2015 ₹
8 Other long term liabilities		
Deferred rent	1,60,81,090	1,34,11,750
	1,60,81,090	1,34,11,750

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Notes forming part of the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
9 Provisions				
Provision for employee benefits				
Gratuity (refer note 27(b))	10,86,512	24,037	7,47,443	1,20,717
Compensated absences (refer note 27(b))	7,07,583	2,59,801	6,49,875	73,396
	17,94,095	2,83,838	13,97,318	1,94,113

	As at 31 March 2016	As at 31 March 2015
	₹	₹
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		
Trade payables	1,07,31,751	1,26,33,915
Dues to employees	41,06,884	34,49,357
Accrued expenses	23,50,940	73,12,448
Management fee payable to fellow subsidiary	2,61,27,551	1,91,70,143
	4,33,17,126	4,25,65,863

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.

11 Other current liabilities

Current maturities of long term debt (refer note 6(e))	-	76,12,326
18%, Unsecured, Debenture application money pending allotment	-	31,65,692
Interest accrued but not due on debentures	18,66,320	2,09,712
Interest accrued and due on borrowings	-	4,98,336
Statutory dues	19,24,809	46,34,926
Current account balances with holding company and fellow subsidiary	64,61,441	12,98,179
Other payables	26,48,612	29,26,323
	1,29,01,182	2,03,45,494

12 Tangible assets

							Amount in ₹
Particulars	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
Gross block							
Balance as at 01 April 2014	12,63,43,394	4,15,75,082	4,12,91,907	12,84,888	57,98,669	31,65,297	21,94,59,237
Additions	17,58,750	14,17,998	7,13,486	-	15,112	4,87,790	43,93,136
Balance as at 31 March 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
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
Accumulated depreciation							
Balance as at 01 April 2014	5,24,67,879	2,49,80,435	2,81,54,608	4,61,016	25,03,108	24,62,986	11,10,30,032
Charge for the year	28,55,437	18,40,821	17,71,926	4,11,937	10,31,709	4,70,528	83,82,358
Adjustment (refer note)	-	-	59,50,916	-	22,70,345	3,37,172	85,58,433
Balance as at 31 March 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
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
Net block							
Balance as at 31 March 2015	7,27,78,828	1,61,71,824	61,27,943	4,11,935	8,619	3,82,401	9,58,81,550
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

Note :

During the year ended 31 March 2015, the Company has reassessed the useful life of the fixed assets internally which coincide with the indicative useful life given in Schedule II of the Companies Act 2013. The aforesaid change did have a material impact on statement of profit and loss for the year ended 31 March 2015 amounting to ₹ 4,836,256. However, in accordance with the transitional provision, unamortized depreciation amounting to ₹ 8,558,433, towards tangible assets that should have been fully depreciated based on the revised useful life given in Schedule II of the Companies Act 2013, has been adjusted to the opening reserves and surplus.

		As at 31 March 2016		As at 31 March 2015	
		Long term	Short term	Long term	Short term
		₹	₹	₹	₹
13	Loans and advances				
	Security deposits	58,02,306	-	54,55,670	-
	Advance tax [net of provision - ₹ 2,569,068 (31 March 2015 - ₹ 1,429,068)]	42,02,667	-	44,56,770	-
	MAT credit entitlement	25,69,068	-	14,29,068	-
	Prepaid expenses	2,61,76,695	8,41,843	2,72,94,098	7,55,064
	Other advances	-	12,60,614	-	21,54,080
	Current account balances with group companies	-	1,67,668	-	-
		3,87,50,736	22,70,125	3,86,35,606	29,09,144
				As at	As at
				31 March 2016	31 March 2015
				₹	₹
14	Inventories				
	Food and beverages			21,69,977	13,77,069
	Stores and spares			8,12,535	6,12,372
				29,82,512	19,89,441
				As at	As at
				31 March 2016	31 March 2015
				₹	₹
15	Trade receivables				
	Outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered doubtful			17,50,705	17,50,705
				17,50,705	17,50,705
	Other debts				
	Unsecured, considered good			1,23,75,511	75,78,591
				1,23,75,511	75,78,591
	Less : Provision for doubtful debts			17,50,705	17,50,705
				1,23,75,511	75,78,591
				As at	As at
				31 March 2016	31 March 2015
				₹	₹
16	Cash and cash equivalents				
	Cash and cash equivalents				
	Balances with banks in current accounts			58,60,537	4,94,026
	Cash on hand			6,68,678	1,86,678
				65,29,215	6,80,704
	Other bank balances				
	In deposit account (original maturity of more than 3 months)			6,00,000	-
				6,00,000	-
				71,29,215	6,80,704
				As at	As at
				31 March 2016	31 March 2015
				₹	₹
17	Other current assets				
	Unbilled revenue			2,82,430	5,24,589
	Interest accrued but not due on deposits			3,564	-
				2,85,994	5,24,589

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
18 Revenue from operations		
Sale of services		
- Room nights	5,75,60,528	6,06,54,378
- Food and beverages	7,68,78,936	6,43,56,045
- Other services	60,56,439	56,38,417
	14,04,95,903	13,06,48,840
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
19 Other income		
Interest income on deposits with bank	1,75,916	58,940
Liabilities no longer required, written back	39,03,848	-
Gain on foreign currency transactions and translation	63,112	-
Miscellaneous	18,09,887	2,76,386
	59,52,763	3,35,326
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
20 Food and beverages consumed		
Opening stock	13,77,069	6,44,048
Add : Purchases during the year	2,49,03,779	2,18,46,506
	2,62,80,848	2,24,90,554
Less : Closing stock	21,69,977	13,77,069
	2,41,10,871	2,11,13,485
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
21 Employee benefits expense		
Salaries, wages and bonus	3,62,98,615	2,78,66,024
Contribution to provident fund (refer note 27(a))	11,18,938	8,74,157
Gratuity (refer note 27(b))	3,55,830	3,26,701
Staff welfare expenses	34,76,757	31,90,982
	4,12,50,140	3,22,57,864
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
22 Finance costs		
Interest expense on		
Term loan	2,67,879	41,29,929
Vehicle loan	3,430	26,328
Unsecured loan	-	7,57,687
18% Unsecured, Compulsorily Convertible Debentures	18,40,675	2,33,014
Delayed payment of statutory dues	6,19,781	-
	27,31,765	51,46,958

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
23 Depreciation expense		
Depreciation on tangible assets (refer note 12)	75,06,482	83,82,358
	75,06,482	83,82,358
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
24 Other expenses		
Lease rent	99,83,788	98,78,643
Power and fuel	1,08,36,126	1,03,96,546
Management fee	75,52,909	70,78,191
Directors remuneration	30,00,000	30,00,000
Directors sitting fees	1,13,840	95,000
Hire charges	54,40,416	37,11,310
Contract charges	20,48,229	22,45,899
Commission, brokerage and discount	15,22,063	12,76,770
Guest transportation	9,79,688	9,99,790
Linen and room supplies	11,29,202	9,58,181
Catering and kitchen supplies	27,98,954	22,42,455
Music and entertainment	14,74,927	10,58,122
Cablenet charges	2,25,866	2,04,233
Uniform washing and laundry	9,02,503	9,37,740
Security charges	13,99,373	12,63,789
Telephone, internet and fax	12,05,151	12,54,278
Printing and stationery	5,91,161	5,80,278
Subscription charges	4,69,426	14,51,968
Repairs and maintenance		
- Buildings	12,89,599	11,74,577
- Plant and equipment	22,78,325	23,80,687
- Others	3,68,171	2,25,598
Insurance	1,57,152	2,00,769
Legal and professional	15,05,221	14,57,860
Travelling and conveyance	11,23,039	12,52,591
Advertisement and business promotion	23,26,682	19,82,758
Rates and taxes	33,03,033	32,78,206
Provision for doubtful debts	-	4,43,998
Bank Charges	31,110	25,703
Miscellaneous	12,00,476	12,93,408
	6,52,56,430	6,23,49,348
25 Earnings per share		
Weighted average number of shares outstanding (in numbers)	6,22,628	6,22,628
Net (loss)/profit after tax attributable to equity shareholders in ₹	38,01,255	5,78,103
Basic and diluted earnings per share in ₹	6.11	0.93
Nominal value per equity share in ₹	100	100

26 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

ii. Key Management Personnel (KMP)

Mr. Ravi S. Doddi	Whole Time Director
Mr. Chander K. Baljee *	Director
Mr. Shekhar Bhargava ^	Director
Mr. Amit Jaiswal ^	Director

* resigned on 02 December 2014

^ appointed on 02 December 2014

iii. Relative of a KMP

Mrs. Panna R. Doddi

iv. Transactions with related parties during the year:

Nature of transaction	Relationship	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Interest expense on unsecured loan			
Royal Orchid Hotels Limited	Holding company	-	7,57,687
Interest expense on 18%, Unsecured, Compulsorily Convertible Debentures and Debenture Application Money			
Royal Orchid Hotels Limited	Holding company	18,40,675	2,33,014
Management and technical fee			
Royal Orchid Associated Hotels Private Limited*	Fellow Subsidiary	75,52,909	70,78,191
Director's Remuneration			
Mr. Ravi S. Doddi	Whole Time Director	30,00,000	30,00,000
Payments to relative of a Director			
Mrs. Panna Doddi	Relative of a KMP	30,00,000	30,00,000
Conversion of unsecured loans to 18%, Unsecured, Compulsorily Convertible Debentures			
Royal Orchid Hotels Limited	Holding Company	-	75,00,000
Conversion of unsecured loans to 18%, Unsecured, Debenture Application Money			
Royal Orchid Hotels Limited	Holding Company	-	31,65,692
Allotment of 18%, Unsecured, Compulsorily Convertible Debentures			
Royal Orchid Hotels Limited	Holding Company	31,65,000	-

* Formerly Royal Orchid East Private Limited

26 Related parties (cont'd)

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

Particulars	Relationship	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Interest accrued but not due on debentures			
Royal Orchid Hotels Limited	Holding Company	(18,66,320)	(2,09,712)
Management fee payable			
Royal Orchid Associated Hotels Private Limited	Fellow Subsidiary	(2,61,27,551)	(1,91,70,143)
Current account balances			
Royal Orchid Hotels Limited	Holding Company	(12,46,686)	(15,36,753)
Royal Orchid Associated Hotels Private Limited	Fellow Subsidiary	(52,14,755)	-
Guarantees received			
Mr. Chander K. Baljee	Key Management Personnel	-	12,00,00,000
Mr. Ravi S. Doddi	Whole Time Director	-	12,00,00,000

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 payable/receivable from each of the such affiliated companies are not considered to be material.

27 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 ₹ 1,118,938 (Year ended 31 March 2015: ₹ 874,157) for Provident Fund contributions, and ₹ 340,020 (Year ended 31 March 2015: ₹ 348,510) 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 21. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits:

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	8,68,160	7,36,331
Service cost	4,30,389	2,79,046
Interest cost	67,861	57,690
Benefit paid	(1,13,441)	(1,94,872)
Actuarial (gain)/ loss on obligation	(1,42,420)	(10,035)
Projected benefit obligation at the end of the year	11,10,549	8,68,160
Components of net gratuity costs		
Service cost	4,30,389	2,79,046
Interest cost	67,861	57,690
Net actuarial (gain)/loss recognised in the year	(1,42,420)	(10,035)
Expense recognised in Statement of Profit and Loss	3,55,830	3,26,701
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	11,10,549	8,68,160
Fair value of plan assets	-	-
Liability recognised in the Balance Sheet	11,10,549	8,68,160
Assumptions used for actuarial valuation of gratuity and compensated absences, as applicable		
Discount rate	8.00%	7.80%
Expected return on plan assets	N/A	N/A
Salary escalation	7.00%	7.00%
Attrition	2 - 5%	2 - 5%
Mortality rate (<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:

	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2014 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
Defined benefit obligation	11,10,549	8,68,160	7,36,331	6,04,648	5,54,930
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	11,10,549	8,68,160	7,36,331	6,04,648	5,54,930
Experience adjustments on liabilities	1,15,434	1,17,193	93,865	2,04,463	34,309
Experience adjustments on plan assets	-	-	-	-	-

28 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 lease rent for non-cancellable operating lease during the year ended 31 March 2016 and 31 March 2015 is disclosed in Note 24.

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

Payments falling due	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Within 1 year	73,36,686	70,88,889
Later than one year but not later than five years	3,16,61,167	3,06,60,067
Later than 5 years	21,69,74,867	20,67,22,921
	25,59,72,720	24,44,71,877
29 Earnings in foreign currency		
Income from operations	1,27,93,342	46,41,287
30 Expenditure in foreign currency		
Commission	2,58,780	1,26,577
31 Payments to the statutory auditors (net of service tax input credit)		
For audit	5,00,000	2,00,000
	5,00,000	2,00,000
32 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.		
33 Imported and indigenous consumption		
Food and beverages consumed		
- Imported	-	-
- Indigenous	2,41,10,871	2,11,13,485
	2,41,10,871	2,11,13,485

Consumption above is net off ₹ 1,836,668 (31 March 2015 – ₹ 1,782,579) representing amounts utilised for internal consumption which has been classified under staff welfare.

34 Contingencies

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
(a) Claims against the Company not acknowledged as debts - Bonus	3,61,134	-

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 Prior period 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: 28 May 2016

Sd/-
Ravi S. Doddi
Director
DIN: 00101115

Place: Bengaluru
Date: 28 May 2016

MULTI HOTELS LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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MULTI HOTELS LIMITED

FOR THE YEAR ENDED 31 MARCH 2016
COMPANY INFORMATION

DIRECTORS	: Mr. Chander Kamal Baljee : Mrs. Prema Lalji
COMPANY SECRETARIES	: Unique Financial Services Ltd : 2nd Floor, UNIQUE House, Plot No. 254 Alykhan Road, Upanga : P O Box 71772, : Dar es Salaam
INDEPENDENT AUDITORS	: Tanna Sreekumar Grant Thornton : Certified Public Accountants : P.O. Box 948 : Dar-es-Salaam
BANKERS	: Bank M (Tanzania) Limited Bank of Baroda (T) Limited
REGISTERED OFFICE	: Plot No. 1, Mjimwema, Temeke : P.O. Box 1889 : Dare es Salaam : Tanzania

MULTI HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

- 1 The directors present their report together with the audited financial statements for the year ended 31 March 2016.

2 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The directors are required under the Companies Act, 2002 to prepare financial statements for each year that give a true and fair view of the state of affairs of the company as at the end of year and of the profit or loss of the company for the year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 31 March 2016. The directors also confirm that the International Financial Reporting Standards and guidelines have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act, 2002. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

Nothing has come to the notice of the directors to indicate that the company will not remain as a going concern for at least 12 months from the date of this statement.

3 PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

Business activities of the company mainly comprises of hotel management. The company is in the process of developing the property at Plot No. 1, Mjemwema, Temeke, Dar es Salaam.

During the year ended 31 March 2016, there is no change in the management of the company.

4 RELATED PARTY TRANSACTIONS

There are no financial transactions with related parties during the year ended 31 March 2016 other than receipt of loan funds for project development.

5 LONG TERM AND HOLDING COMPANY LOANS

Funds received from Holding Company during the year ended 31 March 2016 are utilised for development of Resort along with with payments for day to day activities.

MULTI HOTELS LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

6 FACTORS AFFECTING SOLVENCY OF THE COMPANY

The company's solvency position is as shown by the balance sheet set out on page 5.

7 RESULTS FOR THE YEAR

These are set out on page 4 of the financial statements.

8 DIVIDENDS

Since there are no distributable reserves available, the directors do not recommend the payment of dividend.

9 DIRECTORS

The directors who held office during the year ended 31 March 2016 and to date of this report are:

<u>Name</u>	<u>Position</u>	<u>Nationality</u>
Mr. Chander Kamal Baljee	Chairman	Indian
Mrs. Prema Lalji	Director	British

10 AUDITORS

M/s Tanna Sreekumar Grant Thornton is the Auditor of the Company for the year 2015-16.

BY ORDER OF THE BOARD

Director

Date

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 31 March 2016, 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. Where independent confirmation of the completeness of accounting records was therefore not available, we have accepted assurances from the directors that the company's transactions have been reflected in the accounting records and adequately supported by relevant third party documents.

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 31 March 2016, and of its loss after current tax of TSh 221,759,865 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 31 MARCH 2016**

<u>Particulars</u>	<u>Reference</u>	<u>Year to Date</u> <u>31-Mar-2016</u> <u>TShs</u>	<u>F.Y. ended</u> <u>31-Mar-2015</u> <u>TShs</u>
Revenue			
Revenue from business activities		-	-
Total revenue		-	-
Operating expenses			
Operating Expenses	Note 3	(7,521,146)	(6,043,293)
Operating (Loss) / Profit before depreciation and finance costs		(7,521,146)	(6,043,293)
Other Income			
Other Income	Note 4	-	-
(Loss) / Profit before depreciation, finance costs and tax		(7,521,146)	(6,043,293)
Depreciation and amortization	Note 7	-	-
Finance costs	Note 5	(214,238,719)	(71,329,259)
(Loss) / Profit before corporation tax		(221,759,865)	(77,372,552)
Corporation tax	Note 6 (a)	-	-
Deferred tax	Note 6 (b)	-	-
Total Comprehensive Income		(221,759,865)	(77,372,552)

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

MULTI HOTELS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2016**

	<u>Reference</u>	<u>As At 31-Mar-2016</u>	<u>As At 31-Mar-2015</u>
<u>ASSETS</u>			
Non - current assets			
Property, plant and equipment & Capital WIP	Note 7	5,189,351,880	4,740,827,262
Preoperative Expenses		372,257,319	372,257,319
Current assets			
Other Receivables	Note 8	637,679,033	306,756,180
Bank balances and cash	Note 9(a)	203,757,816	250,299,295
		841,436,849	557,055,475
Current Liabilities			
Trade and other payables	Note 10	322,604,658	295,025,266
Net current assets/(liabilities)		518,832,191	262,030,209
Total assets		6,080,441,390	5,375,114,789
<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	(299,132,417)	(77,372,552)
Unsecured Loans	Note 11	2,478,612,807	1,551,526,341
Total Liabilities		6,080,441,390	5,375,114,789

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

These financial statements were approved by the Directors on 2016 and signed on its behalf on the same date by:

.....
Signature

.....
Name

MULTI HOTELS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Issued share capital <u>TShs</u>	Accumulated losses <u>TShs</u>	Revaluation Surplus <u>TShs</u>	Total <u>TShs</u>
Balance as at 1st April 2015	30,000	(77,372,552)	3,900,931,000	3,823,588,448
Loss for the year ended 31 March 2016	-	(221,759,865)	-	(221,759,865)
Movement during the year ended 31 March 2016	-	-	-	-
Balance as at 31 March 2016	<u>30,000</u>	<u>(299,132,417)</u>	<u>3,900,931,000</u>	<u>3,601,828,583</u>

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:

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

MULTI HOTELS LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2016

	Year ended <u>31-Mar-2016</u> TShs	F.Y. ended <u>31-Mar-2015</u> TShs
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(221,759,865)	(77,372,552)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	<u>(221,759,865)</u>	<u>(77,372,552)</u>
Working capital changes in:		
Other Receivables	(330,922,853)	(26,752,900)
Trade and other payables	<u>27,579,392</u>	<u>292,138,945</u>
	<u>(303,343,461)</u>	<u>265,386,045</u>
Cash used to finance operations	(525,103,326)	188,013,493
CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loan	927,086,465	494,614,658
Net cash flow from financing activities	<u>927,086,465</u>	<u>494,614,658</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in the Fixed Assets	<u>(448,524,618)</u>	<u>(428,474,814)</u>
Net Cash flow from Investing Activities	<u>(448,524,618)</u>	<u>(428,474,814)</u>
NET CASH FLOW FOR THE YEAR	(46,541,479)	254,153,337
Opening cash and cash equivalents	<u>250,299,295</u>	<u>(3,854,042)</u>
Closing cash and cash equivalents	<u><u>203,757,816</u></u>	<u><u>250,299,295</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:-		
Bank balances and cash	203,757,816	250,299,295
	<u><u>203,757,816</u></u>	<u><u>250,299,295</u></u>

MULTI HOTELS LIMITED**FOR THE YEAR ENDED 31 MARCH 2016****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 2,179.60 per USD as at 31 March 2016. 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 221,759,865 as at 31 March, 2016 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	Year ended 31-Mar-2016 TShs	Year ended 31-Mar-2015 TShs
Operating expenses include the following:		
Auditor's remuneration	7,521,146	6,043,293
	7,521,146	6,043,293
4 OTHER INCOME		
Other Income	-	-
5 FINANCE COSTS		
Realised Exchange Loss / (gain)	(48,888,736)	(12,074,628)
Unrealised Exchange Loss / (gain)	257,958,322	76,823,627
Bank charges	5,169,133	6,580,260
	214,238,719	71,329,259

6 TAX

- (a) There is no corporation tax charge for the year since the company has a tax loss of T Shs 76,889,067 as at 31 March 2016 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 31 MARCH 2016

7 PROPERTY, PLANT AND EQUIPMENT

	Lease Hold Land	Capital Work in Progress	Total
	<u>TShs</u>	<u>TShs</u>	<u>TShs</u>
<u>Cost</u>			
As at 1st April 2015	3,945,931,000	794,896,262	4,740,827,262
Additions/Transfer		448,524,618	448,524,618
Land Development Expenses		-	-
Revaluation surplus		-	-
Disposal/Transfer		-	-
As at 31 March 2016	<u>3,945,931,000</u>	<u>1,243,420,880</u>	<u>5,189,351,880</u>
<u>Depreciation</u>			
As at 1st April 2015	-	-	-
Charge for the quarter	-	-	-
Adjustment	-	-	-
Disposal	-	-	-
As at 31 March 2016	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net book amount</u>			
As at 31 March 2016	<u>3,945,931,000</u>	<u>1,243,420,880</u>	<u>5,189,351,880</u>
As at 31st March 2015	<u>3,945,931,000</u>	<u>794,896,262</u>	<u>4,740,827,262</u>

Property, plant and equipment are revalued in accounts based on valuation report issued by professional consultants. Surplus arising thereon has been considered in the accounts for the year ended 31st March 2008.

MULTI HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued) FOR THE YEAR ENDED 31 MARCH 2016

	As At 31-Mar-2016 TShs	As At 31-Mar-2015 TShs
8 OTHER RECEIVABLES		
Advance to Directors (Old)	370,532,000	303,970,200
Advance to Directors (Ms. Prema)	267,147,033	-
Other receivables	-	2,785,980
	<u>637,679,033</u>	<u>306,756,180</u>
9(a) BANK BALANCES AND CASH		
Balance with Banks	203,757,816	250,299,295
	<u>203,757,816</u>	<u>250,299,295</u>
10 TRADE AND OTHER PAYABLES		
Trade payables	322,604,658	295,025,266
	<u>322,604,658</u>	<u>295,025,266</u>
11 UNSECURED LOANS		
Loan from Mr. Pyarali & Mr. Alnoor	20,468,536	214,422,136
Royal Orchid Hotels Ltd	2,458,144,271	1,337,104,205
	<u>2,478,612,807</u>	<u>1,551,526,341</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. Royal Orchid Hotels

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 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, 2016, 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, 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.

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

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, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

ROYAL ORCHID ASSOCIATED HOTELS PRIVATE LIMITED

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

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 2016, 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.

Undisputed amounts payable in respect thereof, which were outstanding at the year end for a period of more than six months from the date they became payable are as follows

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates
Service Tax	Service Tax	35,36,964	April 13 to March 14
Service Tax	Service Tax	46,62,991	Apr 14 to March 15
Service Tax	Service Tax	46,41,450	Apr 15 to Sep 15

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, 2016 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 ASSOCIATED HOTELS 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 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

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 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

Royal Orchid Associated Hotels Private Limited.
Balance Sheet as at 31st March 2016

	Notes	As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	3	50,00,000	50,00,000
Reserves and surplus	4	2,36,02,970	2,06,44,720
		<hr/>	<hr/>
		2,86,02,970	2,56,44,720
Share application money pending allotment			
<i>Non-current liabilities</i>			
Long-term borrowings	5	6,04,56,770	5,39,28,002
Deferred tax liabilities (net)	6		
Other long term liabilities			
Long-term provisions	7	39,44,559	-
		<hr/>	<hr/>
		6,44,01,329	5,39,28,002
<i>Current liabilities</i>			
Short-term borrowings	5	-	-
Trade payables	8	1,26,46,339	42,95,527
Other current liabilities	9	4,38,20,964	1,08,06,679
Short-term provisions	7	57,82,474	7,35,204
		<hr/>	<hr/>
		6,22,49,777	1,58,37,410
		<hr/>	<hr/>
Total		15,52,54,076	9,54,10,133
		<hr/>	<hr/>
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets			
Deferred tax assets (net)	6	19,87,772	13,48,309
Long-term loans and advances	10	4,37,47,731	2,45,13,520
		<hr/>	<hr/>
		4,57,35,503	2,58,61,829
<i>Current assets</i>			
Inventories	11	-	-
Trade receivables	12	10,24,68,708	6,83,41,555
Cash and bank balances	13	70,16,207	12,06,749
Short-term loans and advances	10	-	-
Other current assets	14	33,658	-
		<hr/>	<hr/>
		10,95,18,573	6,95,48,304
		<hr/>	<hr/>
Total		15,52,54,076	9,54,10,133
		<hr/>	<hr/>

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

Place: Bengaluru

Date: 16 May 2016

Sd/-

Vijay K Rekhi

Director

DIN: 00191298

Place: Bengaluru

Date: 16 May 2016

Sd/-

Pushpinder Kumar

Director

DIN: 07139363

Royal Orchid Associated Hotels Private Limited.
Statement of Profit and Loss for the year ended 31st March 2016

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
Revenue			
Revenue from operations	15	10,44,89,612	4,38,56,762
Other income	16	23,14,955	-
Total Revenue		10,68,04,566	4,38,56,762
Expenses			
Food and beverages consumed		-	-
Employee benefit expenses	17	4,86,25,378	2,62,94,726
Finance costs	18	5,728	1,616
Depreciation and amortisation expense	19	-	-
Other expenses	20	5,17,39,713	1,51,81,118
Total Expenses		10,03,70,819	4,14,77,460
Profit before tax		64,33,748	23,79,302
Exceptional items			
Profit / (loss) before extraordinary items and tax		64,33,748	23,79,302
Extraordinary items			
Profit / (loss) before tax		64,33,748	23,79,302
Tax expense			
Current tax		41,14,961	7,35,204
Deferred tax		(6,39,463)	-
Minimum alternative tax credit			
Profit for the year		29,58,250	16,44,098
Earnings per equity share			
Basic/Diluted		5.92	3.29
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

Place: Bengaluru
Date: 16 May 2016

Sd/-
Vijay K Rekhi
Director
DIN: 00191298
Place: Bengaluru
Date: 16 May 2016

Sd/-
Pushpinder Kumar
Director
DIN: 07139363

Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016		As at 31 March 2015	
	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 period 31st March, 2016

	As at 31 March 2016	As at 31 March 2015
<hr/>		
4 Reserves and surplus		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	2,06,44,720	1,90,00,622
Add : Profit for the year	29,58,250	16,44,098
Balance at the end of the year	<u>2,36,02,970</u>	<u>2,06,44,720</u>

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Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016		As at 31 March 2015	
	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	5,10,28,269		4,44,99,502	
	6,04,56,770	-	5,39,28,002	
Total borrowings	6,04,56,770	-	5,39,28,002	-

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 period 31st March, 2016

	As at 31 March 2016	As at 31 March 2015
6 Deferred taxes		
Deferred tax liabilities		
Timing difference on tangible assets depreciation and impairment	-	(13,48,309)
Others (Timing difference on account of Leave encashment and gratuity provision)	(19,87,772)	-
Total	(19,87,772)	(13,48,309)

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Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
7 Provisions				
Provisions for employee benefits				
Gratuity (Also refer note (a) below)	28,08,875	10,57,467	-	-
Leave Encashment	11,35,684	6,10,046	-	-
Provision for taxation (net of advance tax)	-	41,14,961	-	7,35,204
	<u>39,44,559</u>	<u>57,82,474</u>	<u>-</u>	<u>7,35,204</u>
a) Employee benefits				
(i) Gratuity and compensated absences				
Change in projected benefit obligation				
Projected benefit obligation at the beginning of the year		8,70,337		
Service cost		8,56,438		
Interest cost		68,031		
Actuarial (gain) / loss		20,71,536		
Benefits paid				
Liability recognised in Balance Sheet		<u>38,66,342</u>		<u>-</u>
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		38,66,342		-
Funded status of the plans				
Liability / (asset) recognised in the balance sheet		<u>38,66,342</u>		<u>-</u>
Components of net gratuity costs are				
Service cost		8,56,438		-
Interest cost		68,031		-
Expected returns on plan assets				
Recognized net actuarial (gain)/ loss		20,71,536		-
Net gratuity costs		<u>29,96,005</u>		<u>-</u>
(ii) Assumptions used for gratuity and compensated absences				
Discount rate		8.00%		
Rate of return on plan assets		N/A		
Salary escalation rate		7.00%		
Mortality rates		100% of IAL-2		
Attrition rate		2%-5%		
Retirement Age		55 years for Male		
		45 years for Female		

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

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

Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016	As at 31 March 2015
8 Trade payables		
Dues to others	44,67,244	11,03,410
Dues to employees	81,79,095	31,92,117
	1,26,46,339	42,95,527
9 Other current liabilities		
Accrued expenses	19,00,562	-
Statutory dues (including provident fund, employee state insurance and tax deducted at source)	2,21,78,425	86,79,685
Group Companies - Payable	44,21,596	-
Advance received from customers	15,81,736	-
Other payables	1,37,38,645	21,26,994
	4,38,20,964	1,08,06,679

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Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
10 Loans and advances				
Security deposits				
Ultimate Holding Company	48,00,000		48,00,000	
Others	77,78,343		78,82,706	
	1,25,78,343	-	1,26,82,706	-
Allowances for bad and doubtful deposits	1,25,78,343	-	1,26,82,706	-
Prepaid Expenses	65,12,415		-	
TDS Receivable as per books	2,34,94,296		1,14,57,714	
MAT Credit entitlement				
Other Advances	11,62,677		3,73,100	
	4,37,47,731	-	2,45,13,520	-

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Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016	As at 31 March 2015
<hr/>		
11 Inventories (valued at cost or lower of net realisable value)		
Food and beverages		
Stores		
	-	-
12 Trade receivables		
Unsecured considered good	9,42,75,708	6,83,41,555
Less : Allowances for bad and doubtful debts	-	-
	9,42,75,708	6,83,41,555
Other debts		
Unbilled	81,93,000	
	81,93,000	-
	10,24,68,708	6,83,41,555

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Royal Orchid Associated Hotels Private Limited.
Notes to the financial statements for the period 31st March, 2016

	As at 31 March 2016		As at 31 March 2015	
	Current	Non-current	Current	Non-current
13 Cash and bank balances				
Cash and cash equivalents				
Cash on hand	35,196	-	84,574	-
Cheques on hand				
Cash Imprest -	50,000	-	-	-
- in current accounts	44,31,011	-	11,22,175	-
- in deposit account (with maturity upto 3 months)	25,00,000	-	-	-
Others (Specify)				
	70,16,207	-	12,06,749	-
Total	70,16,207	-	12,06,749	-
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 period 31st March, 2016

	Year ended 31 March 2016	Year ended 31 March 2015
15 Revenue		
Management Fees	10,44,89,612	4,38,56,762
	10,44,89,612	4,38,56,762
16 Other income		
Other Mis Income	18,90,375	-
Interest income on FD	4,24,580	-
	23,14,955	-
17 Employee benefit expense		
Salaries, wages and bonus	4,20,79,422	2,58,36,420
Contribution to gratuity (Also, refer note 8)	38,66,342	
Contribution to provident and other defined contribution funds		
Leave Encashment	17,45,730	
Staff welfare expenses	9,33,884	4,58,306
	4,86,25,378	2,62,94,726
18 Finance costs		
Bank charges	5,728	1,616
	5,728	1,616
19 Depreciation and amortisation expense		
Depreciation of tangible assets	-	-
	-	-
20 Other expenses		
Telephone, internet and fax	15,43,653	4,42,857
Printing and stationery	6,45,001	2,67,177
Subscription charges	2,13,959	
Rent	74,62,236	51,91,636
Repairs and maintenance		
- Buildings	-	-
- Plant and equipment	-	-
- Others	17,30,247	13,93,169
Insurance	95,375	1,06,992
Legal and professional charges	2,75,92,980	-
Travelling and conveyance	84,61,611	61,30,456
Advertisement and business promotion	22,45,775	2,78,044
Rates and taxes	6,07,728	5,15,263
News Papers, Books & periodicals	28,334	1,972
Electricity Charges	6,46,158	2,40,703
Miscellaneous expenses	4,66,657	6,12,849
	5,17,39,713	1,51,81,118

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 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 potential equity shares unless

Royal Orchid Associated Hotels Private Limited.

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 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, 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

1 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 31.03.2016 Rs.	Outstanding as on 31.03.2015 Rs.
A.B Holding Pvt Ltd	Holding Company	-	94,28,501	94,28,501
Royal Orchid Hotels Ltd.	Ultimate Holding Company	(65,28,768)	5,10,28,269	4,44,99,502

Name of the Party Security Deposit receivable from	Nature of Relationship	Transactions during the year Rs.	Outstanding as on 31.03.2016 Rs.	Outstanding as on 31.03.2015 Rs.
Royal Orchid Hotels Ltd.	Ultimate Holding Company	-	48,00,000	48,00,000

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

Royal Orchid Associated Hotels Private Limited.

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.

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

**Sd/-
S Rajagopalan
Partner**

Place: Bangalore
Date: 16 May 2016

For and on behalf of the Board of Directors

**Sd/-
Vijay K Rekhi
Director**

DIN: 00191298
Place: Bangalore
Date: 16 May 2016

**Sd/-
Pushpinder Kumar
Director**

DIN: 07139363

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, 2016 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, 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.

ROYAL ORCHID GOA PRIVATE LIMITED

Auditor's report (continued)

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

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

ROYAL ORCHID GOA PRIVATE LIMITED

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

ROYAL ORCHID GOA 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 GOA PRIVATE LIMITED** ("the Company") as of 31 March 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

Royal Orchid Goa Private Limited
Balance Sheet as at 31 March, 2016

Particulars		Sch No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	5,00,000	5,00,000
	(b) Reserves and surplus	4	(53,747)	(27,369)
2	Share application money pending allotment		-	-
3	Non-current liabilities		-	-
4	Current liabilities			
	(a) Short-term borrowings	5	37,511	5,156
	(b) Trade payables		-	-
	(c) Other current liabilities	6	17,175	22,472
	(d) Short-term provisions		-	-
	TOTAL		5,00,939	5,00,259
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	7	5,00,939	5,00,259
	(e) Short-term loans and advances		-	-
	(f) Other current assets		-	-
	TOTAL		5,00,939	5,00,259
See accompanying notes forming part of the financial statements				
<div> <div>In terms of our report attached.</div> <div> <div>For P Chandrasekar</div> <div>Chartered Accountants</div> </div> <div> <div>Sd/-</div> <div>P. Chandrasekaran</div> <div>Partner</div> </div> <div> <div>Place : Bangalore</div> <div>Date : 17 May 2016</div> </div> </div> <div> <div>For and on behalf of the Board of Directors</div> <div> <div>Sd/-</div> <div>Chander K Baljee</div> <div>Director</div> <div>DIN:00081844</div> <div>Place : Bangalore</div> <div>Date : 17 May 2016</div> </div> <div> <div>Sd/-</div> <div>Chetan Tewari</div> <div>Director</div> <div>DIN:07394065</div> </div> </div>				

Royal Orchid Goa Private Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Sch No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)		-	-
2	Other income		980	58,860
3	Total revenue (1+2)		980	58,860
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	8	17,475	12,151
	Total expenses		17,475	12,151
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(16,495)	46,709
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(16,495)	46,709
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(16,495)	46,709
10	Tax expense:			
	Current tax expense relating to prior years		9,883	-
11	Profit / (Loss) for the year (11 ± 13)		(26,378)	46,709
12	Earnings per share (of ` 100/- each):			
	(a) Basic		(5.28)	9.34
	(b) Diluted		(5.28)	9.34
See accompanying notes forming part of the financial statements				

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
P. Chandrasekaran
Partner

Place : Bangalore
Date : 17 May 2016

For and on behalf of the Board of Directors

Sd/-
Chander K Baljee
Director
DIN:00081844

Place : Bangalore
Date : 17 May 2016

Sd/-
Chetan Tewari
Director
DIN:07394065

Royal Orchid Goa Private Limited
Schedules forming part of the financial statements

Sch-3: Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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, 2016			
- Number of shares	5,000		5,000
- Amount (Rs)	5,00,000		5,00,000
Year ended 31 March, 2015			
- 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, 2016	
Royal Orchid Hotels Ltd, the holding company	4,999
As at 31 March, 2015	
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, 2016		As at 31 March, 2015	
	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-4: Reserves and surplus

Particulars	As at 31 March, 2016 Rs	As at 31 March,2015 Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(27,369)	(74,078)
Add: Profit / (Loss) for the year	(26,378)	46,709
Closing balance	(53,747)	(27,369)
Total	(53,747)	(27,369)

Sch-5: Short-term borrowings

Particulars	As at 31 March, 2016 Rs	As at 31 March,2015 Rs
Loans and advances from related parties		
Secured	-	-
Unsecured	37,511	5,156
Total	37,511	5,156

Sch-6: Other current liabilities

Particulars	As at 31 March, 2016 Rs	As at 31 March,2015 Rs
Other payables		
Audit Fees	17,175	22,472
Total	17,175	22,472

Sch-7: Cash and cash equivalents

Particulars	As at 31 March, 2016 Rs	As at 31 March,2015 Rs
(a) Cash on hand		
(b) Cheques, drafts on hand		
(c) Balances with banks		
In current accounts	5,00,939	5,00,259
Total	5,00,939	5,00,259

Sch-8: Other expenses

Particulars	As at 31 March, 2016 Rs	As at 31 March,2015 Rs
Bank Charges	300	300
Misc Expense	-	409
Professional charges	-	-
Auditors Fees- (Including Service Tax)	17,175	11,442
Total	17,475	12,151

M/S.ROYAL ORCHID GOA PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Schedule 9:

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 Mr. Chander K Baljee	Holding company Key Management Personnel

Advance received from	Nature of relationship	Transactions during the year	Outstanding as on 31.3.2016	Outstanding as on 31.3.2015
Royal Orchid Hotels Ltd	Holding company	32,355	37,511	5,156

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.

**For P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

**Sd/-
P Chandrasekaran
Partner**

**Sd/-
Chander K Baljee
Director
DIN: 00081844**

**Sd/-
Chetan Tewari
Director
DIN: 07394065**

Place: Bangalore
Date: 17 May 2016

Place: Bangalore
Date: 17 May 2016

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, 2016 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, 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.

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

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

(f)) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

ROYAL ORCHID HYDERABAD PRIVATE LIMITED

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

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 2016, we report that:

- i. The Company does not have fixed assets as on 31.03.2016 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, 2016 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 HYDERABAD 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

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 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

Royal Orchid Hyderabad Private Limited
Balance Sheet as at 31 March, 2016

Particulars		Note No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	1,77,00,000	1,77,00,000
	(b) Reserves and surplus	4	(28,42,009)	(25,86,289)
	(c) Money received against share warrants			
			1,48,57,991	1,51,13,711
2	Share application money pending allotment		-	-
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	5	1,93,535	8,046
	(b) Trade payables	6	-	-
	(c) Other current liabilities	7	17,175	44,944
	(d) Short-term provisions		-	-
			2,10,710	52,990
	TOTAL		1,50,68,701	1,51,66,701
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	8	-	98,000
	(e) Short-term loans and advances	9	1,50,32,781	1,50,32,781
	(f) Other current assets			
			1,50,32,781	1,51,30,781
	TOTAL		1,50,68,701	1,51,66,701
	See accompanying notes forming part of the financial statements	11		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
P.Chandrasekaran
Partner

Sd/-
Chander K Baljee
Director
DIN:00081844
Place : Bangalore
Date : 18 May 2016

Sd/-
Sunita Baljee
Director
DIN:00080737

Place : Bangalore
Date : 18 May 2016

Royal Orchid Hyderabad Private Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	6,82,487
3	Total revenue (1+2)		-	6,82,487
4	Expenses			
	Employee Benefit expenses	10	98,000	-
	Other expenses		17,175	17,772
	Total expenses		1,15,175	17,772
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(1,15,175)	6,64,715
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(1,15,175)	6,64,715
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(1,15,175)	6,64,715
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)		(2,55,720)	6,64,715
12	Profit / (Loss) for the year		(2,55,720)	6,64,715
13	Earnings per share (of Rs.10/- each):			
	(a) Basic		(0.14)	0.38
	(b) Diluted		(0.14)	0.38
See accompanying notes forming part of the financial statements		11		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
P.Chandrasekaran
Partner

Place : Bangalore
Date : 18 May 2016

For and on behalf of the Board of Directors

Sd/-
Chander K Baljee
Director
DIN:00081844

Sd/-
Sunita Baljee
Director
DIN:00080737

Place : Bangalore
Date : 18 May 2016

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

Note-3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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, 2016			
- Number of shares	17,70,000	-	17,70,000
- Amount (Rs)	1,77,00,000	-	1,77,00,000
Year ended 31 March, 2015			
- 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, 2016	
Royal Orchid Hotels Ltd, the holding company	17,60,200
As at 31 March, 2015	
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, 2016		As at 31 March, 2015	
	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-4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(25,86,289)	(32,51,004)
Add: Profit / (Loss) for the year	(2,55,720)	6,64,715
Closing balance	(28,42,009)	(25,86,289)
Total	(28,42,009)	(25,86,289)

Note-5 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Loans and advances from related parties		
Unsecured	1,93,535	8,046
Total	1,93,535	8,046

Note-6 Trade payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Trade payables:		
Acceptances		
Other than Acceptances	-	-
Total	-	-

Note-7 Other current liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Other payables		
Audit fees	17,175	44,944
Total	17,175	44,944

Note-8 Cash and cash equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Cash on hand	-	98,000
(b) Balances with banks		
(i) In current accounts	-	-
Total	-	98,000

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

Note-9 Short-term loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	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-10 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs	Rs
Misc expenses	-	1,227
Auditors Fees - Statutory Audit	17,175	16,545
Total	17,175	17,772

M/s ROYAL ORCHID HYDERABAD PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Schedule 11:

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.

M/s ROYAL ORCHID HYDERABAD PVT.LTD

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 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.

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 31.03.2016	Outstanding as on 31.03.2015
Royal Orchid Hotels Ltd	Holding company	1,85,489	1,93,535	8,046

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.

For P.Chandrasekar
Chartered Accountants
Sd/-
P Chandrasekaran
Partner

Place: Bangalore
Date: 18 May 2016

For and on behalf of the Board of Directors

Sd/-
Chander K Baljee
Director

DIN:00081844

Place: Bangalore
Date: 18 May 2016

Sd/-
Sunita Baljee
Director
DIN:00080737

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, 2016, 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, 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.

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

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, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

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 2016, 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 ranging 67 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, 2016 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.

ROYAL ORCHID JAIPUR PRIVATE LIMITED

Auditor's report (continued)

- 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

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 2016 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 JAIPUR 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

Royal Orchid Jaipur Private Limited

Balance Sheet as at 31 March 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,66,00,000	1,66,00,000
Reserves and surplus	4	2,33,12,296	2,13,69,664
		3,99,12,296	3,79,69,664
Non-current liabilities			
Long-term borrowings	5	-	-
Deferred tax liabilities (net)	6	-	-
Long-term provisions	7	5,37,087	3,97,999
		5,37,087	3,97,999
Current liabilities			
Short-term borrowings	5	-	-
Trade payables	8	83,56,189	1,01,10,419
Other current liabilities	8	1,48,52,841	1,21,36,586
Short-term provisions	7	4,10,821	5,56,290
		2,36,19,851	2,28,03,295
Total		6,40,69,233	6,11,70,958
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	1,24,09,619	1,32,57,301
Intangible assets	10	1,19,814	3,33,837
Deferred tax assets (net)	6	1,72,415	-
Long-term loans and advances	11	2,98,35,641	2,91,01,901
Other non-current assets	14	30,02,721	30,02,721
		4,55,40,210	4,56,95,760
Current assets			
Inventories	12	13,88,115	14,28,402
Trade receivables	13	87,26,230	50,35,319
Cash and bank balances	14	19,85,077	48,70,200
Short-term loans and advances	11	61,07,964	39,64,549
Other current assets (unbilled revenue)		3,21,637	1,76,728
		1,85,29,023	1,54,75,198
Total		6,40,69,233	6,11,70,958

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016. 2-21

The accompanying notes are integral part of the financial statements

As per our report of even date

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

P. Chandrasekaran
Partner

Chander K Baljee
Director
DIN: 00081844

Amit Jaiswal
Director
DIN: 03448511

Bengaluru
18 May 2016

Bengaluru
18 May 2016

Bengaluru
18 May 2016

Royal Orchid Jaipur Private Limited

Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Revenue			
Revenue from operations	15	7,99,36,120	7,52,49,300
Other income	16	8,79,309	15,16,551
Total revenue		8,08,15,429	7,67,65,851
Expenses			
Food and beverages consumed	17	96,49,452	1,02,76,627
Employee benefits expense	18	1,63,64,553	1,60,24,769
Finance cost	19	-	3,78,016
Depreciation and amortisation	20	17,45,856	43,75,454
Other expenses	21	5,09,67,171	5,05,05,031
Total expenses		7,87,27,031	8,15,59,897
Profit/(Loss) before tax		20,88,398	(47,94,046)
Tax expense			
Current tax		3,18,181	-
Deferred tax credit		(1,72,415)	-
Profit/(Loss) for the year		19,42,632	(47,94,046)
Prior period item		-	-
Profit/(Loss) for the year		19,42,632	(47,94,046)
Profit/(Loss) per equity share of ₹ 10 each.			
Basic / diluted	22	1.17	(2.89)
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016.	2-21		
The accompanying notes are integral part of the financial statements			
As per our report of even date			

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

P. Chandrasekaran
Partner

Chander K Baljee
Director
DIN: 00081844

Amit Jaiswal
Director
DIN: 03448511

Bengaluru
18 May 2016

Bengaluru
18 May 2016

Bengaluru
18 May 2016

Royal Orchid Jaipur Private Limited

Cash Flow Statement for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
A. Cash flow from operating activities		
Net loss before tax	20,88,398	(47,94,046)
Adjustments for:		
Provision for doubtful debts	-	2,44,042
Depreciation and amortisation	17,45,856	43,75,454
Interest income	(5,05,082)	(10,56,687)
Interest expense	-	3,78,016
Operating profit/(loss) before working capital changes	33,29,172	(8,53,221)
Changes in working capital :		
Increase in current liabilities and provisions	6,37,463	39,34,711
Decrease/(Increase) in trade receivables	(36,90,911)	21,16,462
Decrease/(Increase) in inventories	40,287	2,11,398
Decrease/(Increase) in loans and advances	(19,45,486)	7,99,616
Cash generated from operations	(16,29,475)	62,08,966
Taxes paid	(7,32,240)	(5,02,631)
Net cash generated from operating activities	(23,61,715)	57,06,335
B. Cash flows from investing activities		
Purchase of tangible assets	(6,84,151)	(1,15,156)
Purchase of intangible assets	-	(2,05,076)
Interest received	1,60,743	94,653
Changes in other non-current assets (non current bank balances)	-	-
Changes in the bank balances	-	-
Net cash (used in)/generated from investing activities	(5,23,408)	(2,25,579)
C. Cash flows from financing activities		
Repayment of borrowings	-	(46,41,578)
Net cash used in financing activities	-	(46,41,578)
Net increase in cash and cash equivalents (A+B+C)	(28,85,123)	8,39,178
Cash and cash equivalents at the beginning of the year	48,70,200	40,31,022
Cash and cash equivalents at the end of the year	19,85,077	48,70,200

Note:

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

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

For P. Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

P. Chandrasekaran
Partner

Chander K Baljee
Director
DIN: 00081844

Amit Jaiswal
Director
DIN: 03448511

Bengaluru
18 May 2016

Bengaluru
18 May 2016

Bengaluru
18 May 2016

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 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.

Note 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.

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.

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 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 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
Computers	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.

(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.

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 2

Summary of significant accounting policies (Cont'd)

(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.

(l) 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 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.

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 2

Summary of significant accounting policies (Cont'd)

(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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount ₹	Number	Amount ₹
Note 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, fully paid up	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	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 2016. Further, the Company has not issued any shares for a consideration other than cash.

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Note 4		
Reserves and surplus		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	2,13,69,664	2,69,52,792
Less : Loss for the year	19,42,632	(47,94,046)
Less: Depreciation on fully used assets due to adoption of schedule II of Companies Act, 2013, net of deferred taxes	-	7,89,082
	2,33,12,296	2,13,69,664
Note 5		
Short term borrowings		
Unsecured		
Royal Orchid Hotels Limited	-	-
	-	-
Note :		
The unsecured loan is interest free in nature and is repayable on demand.		
Note 6		
Deferred tax liabilities (net)		
Deferred tax liability on		
Depreciation and amortisation	1,18,450	3,53,664
	1,18,450	3,53,664
Deferred tax assets on		
Provision for doubtful debts	-	-
Provision for employee benefits	2,90,865	3,53,664
	2,90,865	3,53,664
	(1,72,415)	-

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Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
Note 7				
Provisions				
Provision for employee benefits				
Gratuity (refer note (a) below)	2,89,478	4,676	3,97,999	8,438
Compensated absences (refer note (a) below)	2,47,609	87,964	-	5,47,852
Provision For taxation	-	3,18,181	-	-
	5,37,087	4,10,821	3,97,999	5,56,290

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 2016	Year ended 31 March 2015
	₹	₹
(i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	4,06,437	5,24,387
Service cost	1,25,583	1,59,543
Interest cost	31,770	47,195
Actuarial loss/(gain)	(2,69,636)	(2,27,825)
Benefits paid	-	(96,863)
Liability recognised in Balance Sheet	2,94,154	4,06,437
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	2,94,154	4,06,437
Funded status of the plans	-	-
Liability recognised in Balance Sheet	2,94,154	4,06,437
Components of net gratuity costs are		
Service cost	1,25,583	1,59,543
Interest cost	31,770	47,195
Recognised net actuarial loss/(gain)	(2,69,636)	(3,24,689)
Expense recognised in Statement of Profit and Loss	(1,12,283)	(1,17,951)
(ii) Assumptions used for gratuity and compensated absences		
Discount rate	8.00%	7.80%
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 45 years for Female	55 years

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

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

Experience adjustments:

Present value of unfunded obligations as at:	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined Benefit Obligation	2,94,154	4,06,437	5,24,387	9,77,989	4,91,041
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit	2,94,154	4,06,437	5,24,387	9,77,989	4,91,041
Experience (loss)/gain adjustments in plan liabilities	2,61,915	3,76,040	5,13,064	(1,75,772)	32,579
Experience (loss)/gain adjustments in plan assets	-	-	-	-	-

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
Note 8		
Trade payables and other current liabilities		
Trade payables	70,53,110	80,85,991
Dues to employees	13,03,079	20,24,428
	83,56,189	1,01,10,419
Other current liabilities		
Accrued expenses	9,49,914	9,54,932
Statutory dues		
-TDS Payable	1,61,382	2,11,204
-Other Statutory dues	4,91,061	2,48,262
Lease rent payable	66,15,508	42,90,911
Dues from related parties	46,55,646	44,10,531
Advances from customers	-	20,08,747
Other payables	19,79,330	11,999
	1,48,52,841	1,21,36,586

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.

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Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 9

Tangible assets

Particulars	Land Freehold (refer note 2)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer Equipment	Total
	₹	₹	₹	₹	₹	₹	₹
Gross Block							
Balance as at 31 March 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
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
Accumulated depreciation							
Balance as at 31 March 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
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
Net block							
Balance as at 31 March 2015	24,30,000	98,22,929	9,96,995	-	7,377	-	1,32,57,301
Balance as at 31 March 2016	24,30,000	92,27,463	7,12,670	-	3,679	35,807	1,24,09,619

Note 1:

During the year ended 31 March 2015, the Company has reassessed the useful life of the fixed assets internally which coincide with the indicative useful life given in Schedule II of the Companies Act, 2013. The aforesaid change did have a material impact on statement of profit and loss for the year ended 31 March 2015 amounting to ₹ 2,202,455. However, in accordance with the transitional provision, unamortized depreciation amounting to ₹ 789,082 lakhs, towards tangible assets that should have been fully depreciated based on the revised useful life given in Schedule II of the Companies Act, 2013, has been adjusted to the opening reserves and surplus.

Note 2:

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 10

Intangible assets

Particulars	Computer Software ₹
Gross block	
Balance as at 31 March 2015	5,88,326
Additions	-
Balance as at 31 March 2016	5,88,326
Accumulated amortisation	
Balance as at 31 March 2015	2,54,489
Charge for the year	2,14,023
Balance as at 31 March 2016	4,68,512
Net block	
Balance as at 31 March 2015	3,33,837
Balance as at 31 March 2016	1,19,814

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Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	₹	₹	₹	₹
Note 11				
Loans and advances				
(Unsecured, considered good)				
Security deposits	2,52,71,263		2,52,69,763	
Advance tax (net of provisions ₹ 9,550,361 (31 March 2015 - ₹ 9,550,361))	20,02,720	-	12,70,480	-
Accrued interest on fixed deposits	25,61,658	3,44,339	25,61,658	-
Prepaid expenses	-	13,14,839	-	13,65,602
Advance to suppliers	-	-	-	3,87,685
Dues from Holding Company (refer note 23)	-	-	-	15,54,325
Group Company Recievable	-	44,28,129	-	-
Dues from related parties	-	-	-	6,56,937
Other advances	-	20,657	-	-
	2,98,35,641	61,07,964	2,91,01,901	39,64,549

	As at 31 March 2016	As at 31 March 2015
	₹	₹
Note 12		
Inventories		
Food and beverages	6,52,279	7,31,867
Stores and spares	7,35,836	6,96,535
	13,88,115	14,28,402

	As at 31 March 2016	As at 31 March 2015
	₹	₹
Note 13		
Trade receivables		
Outstanding for a period exceeding six months from the due		
Unsecured, considered good	-	-
Unsecured, considered doubtful	42,52,830	42,52,830
	42,52,830	42,52,830
Other debts		
Unsecured, considered good	87,26,230	50,35,319
	1,29,79,060	92,88,149
Less : Provision for doubtful debts	42,52,830	42,52,830
	87,26,230	50,35,319

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
	₹	₹	₹	₹
Note 14				
Cash and bank balances				
Cash and cash equivalents				
Balances with banks				
- in current accounts	-	8,21,760	-	33,00,250
- in deposit account (with maturity within 3 months)	-	-	-	2,19,818
Cash on hand	-	1,00,945	-	56,204
	-	9,22,705	-	35,76,272
Other bank balances				
Balances with banks				
- in deposit accounts (with maturity more than 3 months but less than 12 months)	-	10,62,372	-	12,93,928
- held as margin money (refer note 30)	30,02,721	-	30,02,721	-
	30,02,721	10,62,372	30,02,721	12,93,928
	30,02,721	19,85,077	30,02,721	48,70,200

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Note 15		
Revenue from operations		
Sale of services		
- Rooms	5,44,45,016	5,06,62,189
- Food and beverages	2,37,66,207	2,12,10,599
- Other services	17,24,897	33,76,512
	7,99,36,120	7,52,49,300
Note 16		
Other income		
Interest income from deposits with banks	5,05,082	10,56,687
Miscellaneous	3,74,227	4,59,864
	8,79,309	15,16,551
Note 17		
Food and beverages consumed		
Opening stock	7,31,867	8,36,429
Add : Purchases during the year	95,69,864	1,01,72,065
	1,03,01,731	1,10,08,494
Less : Closing stock	6,52,279	7,31,867
	96,49,452	1,02,76,627
Note 18		
Employee benefits expense		
Salaries, wages and bonus	1,30,80,052	1,25,81,859
Contribution to provident and other defined contribution funds	8,42,310	7,82,590
Staff welfare expenses	24,42,191	26,60,320
	1,63,64,553	1,60,24,769
Note 19		
Finance Cost		
Interest on delayed Rent	-	3,78,016
	-	3,78,016

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 20	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Depreciation and amortisation		
Tangible assets (refer note 9)	15,31,833	43,01,398
Intangible assets (refer note 10)	2,14,023	74,056
	17,45,856	43,75,454
Note 21	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Other expenses		
Rent	2,75,18,915	2,67,17,394
Power and fuel	94,75,033	85,57,689
Guest transportation	1,72,822	4,08,404
Linen and room supplies	12,46,495	19,54,849
Kitchen supplies	5,26,395	6,29,612
Cablenet charges	1,24,300	3,66,035
Uniform washing and laundry	8,11,198	10,55,534
Contract labour charges	-	-
Hire charges	5,80,169	5,01,926
Security charges	4,85,560	4,36,670
Telephone, internet and fax	7,20,246	6,03,029
Printing and stationery	3,58,568	5,31,653
Repairs and maintenance		
- Buildings	1,47,260	2,81,366
- Plant and equipment	14,13,888	11,72,108
- Others	6,53,361	6,53,761
Insurance	90,945	2,97,097
Commission, brokerage and discount	7,84,485	10,47,517
Legal and professional	4,62,332	4,79,192
Travelling and conveyance	6,43,973	6,90,138
Advertisement and business promotion	12,04,567	7,88,867
Provision for doubtful debts	-	2,44,042
Rates and taxes	13,58,244	16,22,180
Subscription charges	2,90,638	3,43,128
Bank charges	54,372	29,345
Audit Fees	2,86,250	3,03,372
Miscellaneous	15,57,155	7,90,123
	5,09,67,171	5,05,05,031
Note 22	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Earnings/(loss) per share		
Weighted average number of equity shares outstanding (in numbers)	16,60,000	16,60,000
Net loss after tax attributable to equity shareholders (in ₹)	19,42,632	(47,94,046)
Basic and diluted loss per share (in ₹)	1.17	(2.89)
Nominal value per equity share (in ₹)	10	10

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 23

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 2016	Year ended 31 March 2015
Royal Orchid Hotels Limited	Holding Company		
Loans repaid during the year		-	46,41,578

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

Particulars	Nature of relationship	Year ended 31 March 2016	Year ended 31 March 2015
Royal Orchid Hotels Limited			
Loan taken	Holding Company	-	-
Current account balance			
Royal Orchid Hotels Limited	Holding Company	(25,25,286)	12,52,194
Icon Hospitality Private Limited	Fellow Subsidiary	-	12,31,743

- 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.

Note 24

Operating leases

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.

The lease expense for cancellable and non-cancellable operating leases is ₹ 2,75,18,915.(2015: ₹ 2,67,17,394)

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

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Payments falling due : (Without Service Tax)		
Within 1 year	2,35,56,375	2,75,67,451
Later than one year but not later than five years	-	2,35,56,375
More than Five years	-	-
	2,35,56,375	5,11,23,826
	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹

Note 25

Earnings in foreign currency

Income from operations	18,72,249	8,16,233
	18,72,249	8,16,233

Royal Orchid Jaipur Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

Note 26

Expenditure in foreign currency

Commission

Year ended 31 March 2016	Year ended 31 March 2015
₹	₹
4,76,299	2,02,447
4,76,299	2,02,447

Note 27

Auditors' remuneration

Statutory audit

Service tax

Year ended 31 March 2016	Year ended 31 March 2015
₹	₹
2,50,000	2,50,000
36,250	30,900
2,86,250	2,80,900

Note 28

Imported and indigenous consumption

Food and beverages consumed

- Imported

- Indigenous

Year ended 31 March 2016	Year ended 31 March 2015
Amount (₹)	Amount (₹)
%	%
-	-
96,49,452	1,02,76,627
96,49,452	1,02,76,627
100%	100%

Consumption above is net off ₹ 1,098,000 (31 March 2015 – ₹ 1,095,000) representing amounts utilised for internal consumption which has been classified under staff welfare.

Note 29

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.

Note 30

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.

Note 31

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 2015 – ₹ 3,002,721) for the same with customs authority.

Note 32

Prior period 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

P. Chandrasekaran

Partner

Chander K Baljee

Director

DIN: 00081844

Amit Jaiswal

Director

DIN: 03448511

Bengaluru

18 May 2016

Bengaluru

18 May 2016

Bengaluru

18 May 2016

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, 2016 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, 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.

ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED

Auditor's report (continued)

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, 2016, 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 'VIII' 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 'VIII', 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.
- (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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

ROYAL ORCHID MAHARASHTRA 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

ROYAL ORCHID MAHARASHTRA 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 MAHARASHTRA PRIVATE LIMITED** ("the Company") as of 31 March 2016 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

ROYAL ORCHID MAHARASHTRA PRIVATE LIMITED

Auditor's report (continued)

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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

Royal Orchid Maharashtra Private Limited
Balance Sheet as at 31 March, 2016

Particulars		Note No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	5,00,000	5,00,000
	(b) Reserves and surplus	4	(22,92,795)	(22,75,320)
	(c) Money received against share warrants			
2	Share application money pending allotment			
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	5	2,50,82,997	2,49,21,761
	(b) Trade payables	6	-	-
	(c) Other current liabilities	7	17,175	11,236
	(d) Short-term provisions			
	TOTAL		2,33,07,377	2,31,57,677
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets			
	(ii) Intangible assets			
	(iii) Capital work-in-progress		2,32,72,014	2,31,22,014
	(iv) Intangible assets under development			
	(v) Fixed assets held for sale			
2	Current assets			
	(d) Cash and cash equivalents	8	35,363	35,663
	(e) Short-term loans and advances	9	-	-
	TOTAL		2,33,07,377	2,31,57,677
	See accompanying notes forming part of the financial statements	11		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
P. Chandrasekar
Partner

Sd/-
Chander K. Baljee
Director
DIN:00081844

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 17 May 2016

Place : Bangalore
Date : 17 May 2016

Royal Orchid Maharashtra Private Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			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	10	17,475	58,323
	Total expenses		17,475	58,323
5	Profit / (Loss) before exceptional and extraordinary items & Tax (3 - 4)		(17,475)	(58,323)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(17,475)	(58,323)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(17,475)	(58,323)
10	Tax expense:			
11	Profit / (Loss) from continuing operations (9 ± 10)		(17,475)	(58,323)
12	Profit / (Loss) for the year		(17,475)	(58,323)
13	Earnings per share (of ` 10/- each):			
	(a) Basic		(3.50)	(11.66)
	(b) Diluted		(3.50)	(11.66)
See accompanying notes forming part of the financial statements		11		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
P. Chandrasekar
Partner

Place : Bangalore
Date : 17 May 2016

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director

DIN:00081844
Place : Bangalore
Date : 17 May 2016

Sd/-
Chetan Tewari
Director

DIN:07394065

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

Note 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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, 2016			
- Number of shares	5,000		5,000
- Amount (in Rs)	5,00,000		5,00,000
Year ended 31 March, 2015			
- 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, 2016	
Royal Orchid Hotels Ltd, the holding company	4,999
As at 31 March, 2015	
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, 2016		As at 31 March, 2015	
	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 4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(22,75,320)	(22,16,997)
Add: Profit / (Loss) for the year	(17,475)	(58,323)
Closing balance	(22,92,795)	(22,75,320)
Total	(22,92,795)	(22,75,320)

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

Note 5 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Loans and advances from related parties Unsecured	2,50,82,997	2,49,21,761
Total	2,50,82,997	2,49,21,761

Note 6 Trade payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Trade payables: Acceptances Other than Acceptances	-	-
Total	-	-

Note 7 Other current liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Other Payables Audit fees TDS Payable	17,175 - -	11,236 - -
Total	17,175	11,236

Note 8 Cash and cash equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Cash on hand (b) Balances with banks (i) In current accounts	- 35,363 -	- 35,663 -
Total	35,363	35,663

Note 9 Short-term loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Others Secured, considered good Unsecured, considered good Doubtful Less: Provision for other doubtful loans and advances	- - - -	- - - -
Total	-	-

Note 10 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs	Rs
Rent including lease rentals (Refer Note 30.8.d)	-	45,151
Prior Period expense	-	-
Legal and professional	300	1,936
Miscellaneous expenses	17,175	11,236
Auditor's fees - statutory audit	-	-
Total	17,475	58,323

M/s. ROYAL ORCHID MAHARASHTRA PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Note 11:

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, 72,014.00).

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 31.03.2016	Outstanding as on 31.03.2015
Royal Orchid Hotels Ltd	Holding company	1,61,236	2,50,82,997	2,49,21,761

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.

**For P Chandrasekar
Chartered Accountants**

For and on behalf of the Board of Directors

**Sd/-
P. Chandrasekaran
Partner**

Place: Bangalore
Date: 17 May 2016

**Sd/-
Chander K. Baljee
Director**

DIN:00081844
Place: Bangalore
Date: 17 May 2016

**Sd/-
Chetan Tewari
Director**

DIN:07394065

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, 2016 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, 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.

ROYAL ORCHID MUMBAI PRIVATE LIMITED

Auditor's report (continued)

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

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

ROYAL ORCHID MUMBAI PRIVATE LIMITED

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

ROYAL ORCHID MUMBAI 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 MUMBAI PRIVATE LIMITED** ("the Company") as of 31 March 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

Royal Orchid Mumbai Private Limited
Balance Sheet as at 31 March, 2016

Particulars		Note No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	RS
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	5,00,000	5,00,000
	(b) Reserves and surplus	4	(81,431)	(64,256)
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	5	64,256	8,281
	(b) Trade payables		-	-
	(c) Other current liabilities	6	17,175	55,974
	(d) Short-term provisions			
			81,431	64,256
	TOTAL		5,00,000	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	7	5,00,000	5,00,000
	(e) Short-term loans and advances		-	-
	(f) Other current assets			
	TOTAL		5,00,000	5,00,000
	See accompanying notes forming part of the financial statements	8		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
P Chandrasekaran
Partner

Place : Bangalore
Date : 17 May 2016

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 17 May 2016

Sd/-
Chetan Tewari
Director
DIN:07394065

Royal Orchid Mumbai Private Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	19,231
3	Total revenue (1+2)		-	19,231
4	Expenses			
	Audit Fees		17,175	28,193
	Misc Expenses		-	1,227
	Total expenses		17,175	29,420
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(17,175)	(10,189)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(17,175)	(10,189)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(17,175)	(10,189)
10	Tax expense:		-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		(17,175)	(10,189)
12	Profit / (Loss) for the year		(17,175)	(10,189)
13	Earnings per share (of `Rs. 10/- each):			
	(a) Basic		(0.34)	(0.20)
	(b) Diluted		(0.34)	(0.20)
See accompanying notes forming part of the financial statements				
<div style="display: flex; justify-content: space-between;"> <div> <p>In terms of our report attached.</p> <p>For P Chandrasekar</p> <p>Chartered Accountants</p> <p>Sd/-</p> <p>P Chandrasekaran</p> <p>Partner</p> <p>Place : Bangalore</p> <p>Date : 17 May 2016</p> </div> <div> <p>For and on behalf of the Board of Directors</p> <div style="display: flex; justify-content: space-around;"> <div> <p>Sd/-</p> <p>Chander K. Baljee</p> <p>Director</p> <p>DIN:00081844</p> <p>Place : Bangalore</p> <p>Date : 17 May 2016</p> </div> <div> <p>Sd/-</p> <p>Chetan Tewari</p> <p>Director</p> <p>DIN:07394065</p> </div> </div> </div> </div>				

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

Note 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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 forming part of the financial statements

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, 2016			
- Number of shares	50,000		50,000
- Amount (`)	5,00,000		5,00,000
Year ended 31 March, 2015			
- Number of shares	50,000		50,000
- Amount (`)	5,00,000		5,00,000

Note 3: Share capital (contd.)

(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, 2016	
Royal Orchid Hotels Ltd, the holding company	49,999
As at 31 March, 2015	
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, 2016		As at 31 March, 2015	
	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 4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(64,256)	(54,067)
Add: Profit / (Loss) for the year	(17,175)	(10,189)
Closing balance	(81,431)	(64,256)
Total	(81,431)	(64,256)

Notes forming part of the financial statements

Note 5 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Loans and advances from related parties		
Secured		
Unsecured	64,256	8,281
Total	64,256	8,281

Notes forming part of the financial statements

Note 6 Other current liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Other payables		
Audit fees	17,175	55,974
Total	17,175	55,974

Notes forming part of the financial statements

Note 7 Cash and cash equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Cash on hand	5,00,000	5,00,000
(b) Cheques, drafts on hand		
(c) Balances with banks		
(d) Others (specify nature)		
Total	5,00,000	5,00,000

M/s.ROYAL ORCHID MUMBAI PVT. LTD

NOTES TO THE FINANCE STATEMENTS

Schedule 8

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.

M/s.ROYAL ORCHID MUMBAI 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

Party advance Received from	Nature/ relationship	2016	2015
Royal Orchid Hotels Ltd	Holding company	64,256	8,281

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.

**P Chandrasekar,
Chartered Accountants**

For and on behalf of the Board of Directors

**Sd/-
P Chandrasekaran
Partner**

Place: Bangalore
Date: 17 May 2016

**Sd/-
Chander K. Baljee
Director
DIN:00081844
Place: Bangalore
Date: 17 May 2016**

**Sd/-
Chetan Tewari
Director
DIN:07394065**

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, 2016 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, 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.

ROYAL ORCHID SHIMLA PRIVATE LIMITED

Auditor's report (continued)

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

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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.

ROYAL ORCHID SHIMLA PRIVATE LIMITED

Auditor's report (continued)

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

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 16 May 2016

ROYAL ORCHID SHIMLA 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 SHIMLA PRIVATE LIMITED** ("the Company") as of 31 March 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 17 May 2016

Royal Orchid Shimla Private Limited
Balance Sheet as at 31 March, 2016

Particulars		Note No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	5,00,000	5,00,000
	(b) Reserves and surplus	4	(59,935)	(28,958)
2	Share application money pending allotment			
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	5	42,719	6,745
	(b) Trade payables		-	-
	(c) Other current liabilities	6	17,175	22,472
	(d) Short-term provisions			
			59,894	29,217
	TOTAL		4,99,959	5,00,259
B	ASSETS			
1	Non-current assets			
2	Current assets			
	Cash and cash equivalents	7	4,99,959	5,00,259
	TOTAL		4,99,959	5,00,259
	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/-
P.Chandrasekaran
Partner

Sd/-
Chander K. Baljee
Director
DIN:00081844

Sd/-
Chetan Tewari
Director
DIN:07394065

Place : Bangalore
Date : 17 May 2016

Place : Bangalore
Date : 17 May 2016

Royal Orchid Shimla Private Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			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	17,475	18,482
	Total expenses		17,475	18,482
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(17,475)	(18,482)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(17,475)	(18,482)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(17,475)	(18,482)
10	Tax expense:		-	-
	(a) Current tax expense for current year			
	(b) (Less): MAT credit (where applicable)			
	(c) Current tax expense relating to prior years		13,502	
	(d) Net current tax expense		13,502	-
	(e) Deferred tax			
11	Profit / (Loss) from continuing operations (9 ± 10)		(30,977)	(18,482)
12	Profit / (Loss) for the year		(30,977)	(18,482)
13	Earnings per share (of ` 100/- each):			
	(a) Basic		(6.20)	(3.70)
	(b) Diluted		(6.20)	(3.70)
See accompanying notes forming part of the financial statements		9		
<p>In terms of our report attached.</p> <p>For P Chandrasekar Chartered Accountants</p> <p>Sd/- P.Chandrasekaran Partner</p> <p>Place : Bangalore Date : 17 May 2016</p>				
<p style="text-align: center;">For and on behalf of the Board of Directors</p> <p>Sd/- Chander K. Baljee Director DIN:00081844</p> <p>Place : Bangalore Date : 17 May 2016</p> <p>Sd/- Chetan Tewari Director DIN:07394065</p>				

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

Note 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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 reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2016			
- Number of shares	5,000		5,000
- Amount (Rs)	5,00,000		5,00,000
Year ended 31 March, 2015			
- 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 company, their

Particulars	Equity shares with voting rights
	Number of shares
As at 31 March, 2016	
Royal Orchid Hotels Ltd, the holding company	4,999
As at 31 March, 2015	
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, 2016		As at 31 March, 2015	
	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 4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(28,958)	(92,765)
Add: Profit / (Loss) for the year	(30,977)	63,807
Closing balance	(59,935)	(28,958)
Total	(59,935)	(28,958)

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

Note 5 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Loans and advances from related parties		
Unsecured	42,719	6,745
Total	42,719	6,745

Note 6 Other current liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Audit fees	17,175	22,472
Miscellaneous	-	-
Total	17,175	22,472

Note 7 Cash and cash equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Cash on hand	-	-
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	4,99,959	5,00,259
Total	4,99,959	5,00,259

Note 8 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs	Rs
Miscellaneous expenses	-	1,525
Bank Charges	300	-
Auditors fees - statutory audit	17,175	16,957
Total	17,475	18,482

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, 2016 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, 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.

Royal Orchid South Private Limited

Auditor's report (continued)

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, 2016, 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 '11-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 '11-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 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

Royal Orchid South 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P.Chandrasekar

Chartered Accountants

Firm Registration No. 000580S

Sd/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

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 South Private Limited** ("the Company") as of 31 March 2016 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, 2016, 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/-

Partner

Membership No.25349

Place: Bangalore

Date: 18 May 2016

Royal Orchid South Private Limited
Balance Sheet as at 31 March, 2016

Particulars		Note No.	As at 31 March, 2016	As at 31 March, 2015
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	91,00,000	91,00,000
	(b) Reserves and surplus	4	(98,44,798)	(95,74,305)
	(c) Money received against share warrants			
2	Share application money pending allotment			
3	Non-current liabilities			
4	Current liabilities			
	(a) Short-term borrowings	5	31,20,110	26,76,241
	(b) Trade payables	6	-	-
	(c) Other current liabilities - Audit Fees		17,175	22,472
	(d) Short-term provisions - Provision for Tax		1,87,781	3,56,460
			33,25,066	30,55,173
	TOTAL		25,80,268	25,80,868
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	7	24,30,000	24,30,000
	(ii) Intangible assets	7	-	-
2	Current assets			
	(8) Cash and cash equivalents	8	51,262	51,862
	Loans and advances	9	99,006	99,006
	TOTAL		25,80,268	25,80,868
	See accompanying notes forming part of the financial statements	11		

In terms of our report attached.

For P Chandrasekar
Chartered Accountants

Sd/-
P Chandrasekaran
Partner

Place : Bangalore
Date : 18 May 2016

For and on behalf of the Board of Directors

Sd/-
Chander K. Baljee
Director
DIN:00081844

Place : Bangalore
Date : 18 May 2016

Sd/-
Chetan Tewari
Director
DIN:07394065

Royal Orchid South Private Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars		Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			Rs	Rs
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)			
2	Other income		-	12,59,267
3	Total revenue (1+2)		-	12,59,267
4	Expenses			
	(f) Depreciation and amortisation expense	7	-	
	(g) Other expenses	10	2,70,493	1,05,675
	Total expenses		2,70,493	1,05,675
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(2,70,493)	11,53,592
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(2,70,493)	11,53,592
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(2,70,493)	11,53,592
10	Tax expense:		-	3,56,460
11	Profit / (Loss) from continuing operations (9 ± 10)		(2,70,493)	7,97,132
12	Profit / (Loss) for the year		(2,70,493)	7,97,132
13	Earnings per share (of `Rs. 10/- each):			
	(a) Basic		(0.30)	0.88
	(b) Diluted		(0.30)	0.88
	See accompanying notes forming part of the financial statements	11		
<p>In terms of our report attached.</p> <p>For P Chandrasekar Chartered Accountants</p> <p>Sd/- P Chandrasekaran Partner</p> <p>Place : Bangalore Date : 18 May 2016</p>				
<p style="text-align: right;">For and on behalf of the Board of Directors</p> <p>Sd/- Chander K. Baljee Director DIN:00081844 Place : Bangalore Date : 18 May 2016</p> <p>Sd/- Chetan Tewari Director DIN:07394065</p>				

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

Note 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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, 2016			
- Number of shares	9,10,000	-	9,10,000
- Amount (`)	91,00,000	-	91,00,000
As at 31 March, 2015			
- 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, 2016	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, 2016		As at 31 March, 2015	
	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 4 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(95,74,305)	(1,03,71,437)
Add: Profit / (Loss) for the year	(2,70,493)	7,97,132
Closing balance	(98,44,798)	(95,74,305)
Total	(98,44,798)	(95,74,305)

Note 5 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Loans and advances from related parties		
Unsecured	31,20,110	26,76,241
	31,20,110	26,76,241
Total	31,20,110	26,76,241

Note 6 Trade payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
Trade payables:		
Acceptances	-	-
Other than Acceptances	-	-
Total	-	-

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

Note 8 Cash and cash equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Cash on hand	-	300
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	51,262	51,562
Total	51,262	51,862

Note 9 Loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rs	Rs
(a) Loans and advances (Unsecured, considered good)	99,006	99,006
Total	99,006	99,006

Note 10 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Rs	Rs
Property tax	2,52,718	87,500
Miscellaneous expenses	300	1,527
Bank Charges	300	-
Audit Fees - Statutory Audit	17,175	16,648
Total	2,70,493	1,05,675

M/s. ROYAL ORCHID SOUTH PVT.LTD

NOTES TO THE FINANCIAL STATEMENTS

Note 11

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.

M/s. ROYAL ORCHID SOUTH PVT.LTD

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 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

M/s Royal Orchid Hotels Ltd

Mr. Chander K Baljee

M/s Baljees Hotels & Real Estates Pvt. Ltd.

Nature of relationship

Holding company

Key Management Personnel

Entity controlled by Directors

Party Unsecured Loan	Nature/ Relationship	Transactions during the year	Outstanding as on 31.03.2016	Outstanding as on 31.03.2015
Royal Orchid Hotels Ltd	Holding company	3,56,051	5,56,292	2,00,241
Advance received from C.K.Baljee	Key Management Personnel	-	24,76,000	24,76,000
Baljees 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.

M/s. ROYAL ORCHID SOUTH PVT.LTD

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.

**For P Chandrasekar
Chartered Accountants**

**Sd/-
P Chandrasekaran
Partner**

Place: Bangalore
Date: 18 May 2016

For and on behalf of the Board of Directors

**Sd/-
Chander K. Baljee
Director
DIN:00081844**

**Sd/-
Chetan Tewari
Director
DIN:07394065**