ORCHID HOTELS PUNE PRIVATE LIMITED

CIN No. U55101MH2007PTC170188
Registered office : Ground Floor, KHIL House, 70-C, Nehru Road, Vile Parle (East), Mumbai - 400 099.
Tel.: 2616 4000, Fax : 2616 4115, Email id. cs@orchidhotelpune.com

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of Orchid Hotels Pune Private Limited will be held at KHIL House, 70-C, Nehru Road, Vile Parle (East), Mumbai 400099 on Wednesday 11th July, 2018 at 11.00 a.m. to transact the following business:

Ordinary business:

1. To receive, consider and adopt the financial statement of the Company for the year ended on 31st March, 2018 and Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Dr. Vithal V. Kamat, who retires by rotation and being eligible offers himself for re-appointment.

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

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), as amended from time to time, the appointment of M/s. N. A. Shah Associates LLP , Chartered Accountants, Mumbai (Firm Registration number: 116560W/W100149) as Statutory Auditors of the Company for the Financial year 2018-19 be and is hereby ratified, on such remuneration as may be mutually agreed between the Auditors and the Board of Directors of the Company."

Special Business:

4. To approve selling, leasing or disposing off the whole or substantially the whole of the Company's undertaking, to pass, with or without modification(s) the following resolution as Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of members of the Company be and is hereby accorded to the Board of Directors (including any Committee which the Board may have constituted or may hereinafter constitute to exercise the power conferred by this Resolution) to sell / transfer / dispose the Company and its unit "The Orchid" situated at Balewadi Pune, located at, Adjacent to Shiv Chatrapati Shivaji Sports Complex, Pune Banglore Highway, Balewadi, Pune-411045 to any prospective buyer on "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company, in such manner and on such price which shall be atleast adequate to pay all secured and unsecured dues and outstandings, including statutory dues and on such terms and conditions and in such form as the Board of Directors of the Company (including any Committee which the Board may have constituted or may hereinafter constitute to exercise the power conferred by this Resolution) may by unanimous resolution, decide in the interest of the Company and

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that any surplus after satisfaction of the liabilities mentioned above shall be used to reduce the debts of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee which the Board may have constituted or may hereinafter constitute to exercise the power conferred by this Resolution) be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For Orchid Hotels Pune Private Limited

Place: Mumbai
Date: 19th June, 2018

Shruti Shrivastava
Company Secretary

1. (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.

   (b) A person appointed as proxy shall act as a proxy on behalf of such member or number of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.

   Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled, during the period beginning twenty-four hours before the time fixed for the commencement of the 11th Annual General Meeting and ending with the conclusion of the said Annual General Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days of notice in writing of the intention so to inspect is given to the Company.

3. A Statement setting out the material facts concerning each item of special business to be transacted at the 11th Annual General Meeting pursuant to Section 102 of the Companies Act, 2013 is annexed as Annexure I to the Notice.

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ANNEXURE I TO THE NOTICE
STATEMENT SETTING OUT THE MATERIAL FACTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4.

The Company had taken a loan from ICICI Bank Limited, which was assigned to Assets Reconstruction Company (India) limited in the year 2013. However, the Company was not able to service its debts towards ARCIL as well. Therefore, to find viable solution for the Company's outstanding debts towards ARCIL, the Company has along with ARCIL undergone the process for narrowing down the proposals from multiple buyers who were interested in acquiring the Company's unit situated at Balewadi, Pune through 100% acquisition of the Company from present promoters.

Members of the Company are requested to note that Section 180 (1)(a) of the Companies Act, 2013 mandates that the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a special resolution.

Accordingly, pursuant to Section 180(1)(a) of the Companies Act, 2013, members of the Company are further requested to give their consent to the Board by way of a Special Resolution to sell, transfer or otherwise dispose off the Company along with its unit "The Orchid" situated at Balewadi Pune, located at, Adjacent to Shiv Chatrapati Shivaji Sports Complex, Pune Banglore Highway, Balewadi, Pune- 411045.

Except in their capacity as shareholder of the Company, none of the directors, key managerial personnel or their relatives, have any concern or interest, financial or otherwise, in passing of the said resolution.

By Order of the Board of Directors
For Orchid Hotels Pune Private Limited

Place: Mumbai
Date: 19th June, 2018

Shruti Shrivastava
Company Secretary

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BOARD'S REPORT

To,
The Members,

We have pleasure in presenting the 11th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2018.

FINANCIAL SUMMARY:

The financial results for the year under review are summarised below.

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total Revenue	3142.37	3034.42
Profit/(Loss) Before Finance Cost, Depreciation & Taxation	(326.95)	349.61
(Less): Finance Cost	2.60	3.01
(Less): Depreciation	1096.19	956.28
Profit/(Loss) Before Tax	(1425.74)	(609.68)
Tax Expense:		
Current tax	NIL	NIL
Deferred Tax	NIL	NIL
Profit/(Loss) after tax	(22825.83)	(609.68)
Amount proposed to be carried to reserves	-	-

FIRST-TIME ADOPTION OF IND AS:

The financial statements for the year ended 31st March, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP").

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS.

STATE OF COMPANY'S AFFAIRS:-

The total revenue of the Company for the year was recorded at Rs.3142.37Lakhs as against Rs. 3034.42 Lakhs in the previous year. The Company has registered loss after tax of Rs. 22825.83 Lakhs as compared to loss of Rs. 609.68 Lakhs in the previous year.

DIVIDEND:

Considering the loss incurred by the Company during the year under review, the Directors do not recommend payment of any dividend for the year ended on 31st March, 2018.

FINANCE:

Your Company had in the previous years taken loan from ICICI Bank Limited, which was assigned to Assets Reconstruction Company (India) limited in the year 2013. However, the Company was not able to service its debts towards ARCIL as well. Therefore, to find viable solution for the Company's outstanding debts towards ARCIL, the Company has along with ARCIL undergone the process for narrowing down the proposals from multiple buyers who were interested in acquiring the Company along with its unit situated at Balewadi, Pune through 100% acquisition of the Company from present promoters.

SHARE CAPITAL:

During the year under review, no shares with differential voting rights, sweat equity shares or employees stock options were issued by the Company.

During the year under review, there was no change in the Authorised or Paid up Share Capital of the Company.

MATERIAL CHANGES AND COMMITMENT:

There has been no material changes and commitment affecting the financial position of the Company during the financial year 2017-18.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

Subsidiary company:	NIL
Joint venture company:	NIL
Associate Company:	NIL
Holding Company	Kamat Hotels (India) Limited

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Dr. Vithal V. Kamat retires by rotation and being eligible offers himself for re-appointment at the ensuing 11th Annual General Meeting. The Directors recommend his re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS:

Mr. Ramnath P. Sarang and Ms. Rubina Khan, Independent Directors of the Company have given declaration as required under Section 149 (7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

EXTRACT OF THE ANNUAL RETURN:

An extract of the annual return in form MGT-9 is enclosed as *Annexure I.*

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the year under review, Four (4) meetings of the Board of Directors were held and time gap between two meetings had not exceeded 120 days.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by Section 134 (5) of the Companies Act, 2013 the Directors hereby state that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.

2. selected accounting policies were applied consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the financial year ended on that date.

3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. annual accounts have been prepared on a going concern basis and;

5. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

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NOMINATION AND REMUNERATION POLICY:

In terms of Section 178 (3) of the Companies Act, 2013, a policy on Nomination and Remuneration of Directors and Senior Management Employees including, inter alia, criteria for determining qualifications, positive attributes and independence of directors was formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors. The said policy is annexed as *Annexure II.*

PARTICULARS OF LOANS / GUARANTEES GIVEN OR INVESTMENTS MADE:

The particulars of Loan / Guarantees given and Investment made by the Company under Section 186 of the Companies Act, 2013 are given as under:

	Opening Balance (Amount in Rs.)	During the year	Closing Balance (Amount in Rs.)
Loans Given	NIL	NIL	NIL
Guarantee Given	2,47,55,00,000*	NIL	2,47,55,00,000*
Security Provided	NIL	NIL	NIL
Investment Made	NIL	NIL	NIL

* Corporate Guarantee given by the Company to banks/financial institutions for various Credit Facilities availed by Kamat Hotels (India) Limited, the holding Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the year under review, no new Related Party Transactions under Section 188 of the Companies Act, 2013 were entered into by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

DEPOSITS:

a. Accepted during the year: The Company has not accepted any deposits during the year.
b. Remained unclaimed or unpaid as at the end of the year: There was no deposit remaining unpaid or unclaimed at the end of the year.
c. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-

   i. at the beginning of the year: NIL

ii. maximum during the year: NIL

iii. at the end of the year: NIL

d. the details of deposits which are not in compliance with the requirements of Chapter V of the Act: NIL

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) CONSERVATION OF ENERGY:

(i) the steps taken or impact on conservation of energy: The Company constantly takes necessary energy conservation measures, at the operative hotel of the Company.

(ii) the steps taken by the company for utilising alternate sources of energy: the Company has purchased Windmill power under the Open Access Regulation for Distribution - 2005 dated 21st June, 2005 issued by Maharashtra Electricity Regulatory Commission (MERC). There is substantial savings in Electricity costs. Also, during the year under review, the Company has replaced all the existing powerpoints with LED bulbs, which has helped the Company to reduce electricity costs. The Company has taken other similar steps such as energy audit, inspection of equipments, modification/ replacement of parts etc. in order to achieve reduction of power cost.

(iii) the capital investment on energy conservation equipments: N.A.

(B) TECHNOLOGY ABSORPTION:

(i) the efforts made towards technology absorption: The activities of Company at present do not involve technology absorption and research and development.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - NIL

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

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(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

(iv) the expenditure incurred on Research and Development: NIL

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earnings and outgo:

Earnings	:	Rs. 144.99 Lakhs (Previous year: Rs. 135.56 Lakhs)
Utilisation (including import of capital goods):		NIL (Previous year: 2.73 Lakhs)

AUDIT COMMITTEE:

In terms of Section 177 (8) of the Companies Act, 2013, the Board of Directors of the Company has, on 10th April, 2014 constituted an Audit Committee.

The current composition of the Committee comprises of, Mr. Ramnath P. Sarang (Independent Director- Chairman), Ms. Rubina Khan (Independent Director – Member), and Mr. Bipinchandra Chunilal Kamdar (Managing Director – Member).

There have been no instances during the year under review, where the Board has not accepted the recommendations made by the Audit Committee.

VIGIL MECHANISM:

In terms of Section 177(9) of the Companies Act, 2013, the Company has established a Vigil Mechanism for directors and employees to report genuine concerns. The vigil mechanism provides for adequate safeguard against victimization of person who use Vigil Mechanism and also provides for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases.

RISK MANAGEMENT POLICY:

A quarterly review report on compliance with Risk Management policy of the Company is placed before the Audit Committee of the Company.

No element of risk, threatening the existence of the Company was identified during the year.

INTERNAL FINANCIAL CONTROLS:

The Company has adequate internal control systems relating to Purchase, Expense controls, Sales Recording and Audit and Internal Audit. The Company has designed, implemented and has been maintaining adequate internal financial control required for effective hotel operations and safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records etc.

A report on said systems is quarterly placed before the Audit Committee of the Company for its perusal and to determine its adequacy. Such control systems are adequate and commensurate with the size and nature of the business.

THE CHANGE IN THE NATURE OF BUSINESS, IF ANY:

The Company continues to be in the Hospitality Business. During the year under review, there was no change in the nature of business of the company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

No significant and material order was passed by any regulator, courts or tribunals during the financial year 2017-18.

IMPLEMENTATION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has constituted Internal Complaints Committee at the units of the Company under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No instance of Sexual Harassment of Women under the said Act has been reported at any unit of the Company.

STATUTORY AUDITORS:

The Company had appointed M/s. N. A. Shah Associates LLP, Chartered Accountant, Mumbai as statutory Auditors of the Company for a period of 5 years in the previous annual general meeting of the Company; therefore, it is now proposed to ratify the appointment of M/s. N. A. Shah Associates LLP, Chartered Accountant, Mumbai as the Statutory Auditors of the company for the financial year 2018-19.

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EXPLANATION AND COMMENTS BY THE BOARD ON MATTER OF EMPHASIS MADE IN THE AUDITORS' REPORT:

With regard to basis of qualified opinion a and b in the Auditor's report, the Board states that in respect of bank guarantee invoked by the bank in earlier years, Company had applied for waiver of interest liability amounting to Rs. 134 Lakhs (including for the year ended 31st March, 2018 of Rs. 25.59 Lakhs) payable on the total amount of bank guarantee by the bank and therefore, the same is not accounted in the books of account.

Further, during the current year, the lender i.e. ARCIl has initiated the process of recovery of its dues by inviting expression of interest for selling the Company. The offers received are under consideration and negotiations are at advanced stage. In the opinion of management, based on offers received, the expected one-time settlement value would be lower than principal and interest liability already accounted upto 30th September 2013, and hence no further interest liability is required to be accounted for the period 1st October, 2013 to 31st March, 2018.

ACKNOWLEDGEMENTS:

The Directors place on record their appreciation for the sincere and whole hearted co-operation extended by all the concerned, particularly Department of Tourism, company's bankers, Municipal authorities, Government of Maharashtra, Central Government, suppliers, clientele and look forward to their continued support. The Directors also thank the employees for their continued support and confidence in the Company and its management.

For and on behalf of the Board of Directors
For Orchid Hotels Pune Private Limited

B.C. Kamdar

Bipinchandra Chunilal Kamdar
Managing Director
(DIN 01972386)

Dinkar D. Jadhav
Director
(DIN 01809881)

Place: Mumbai
Date: 19th June, 2018

Annexure I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:- U55101MH2007PTC170188

ii) Registration Date :- 21/04/2007

iii) Name of the Company :- Orchid Hotels Pune Private Limited

iv) Category / Sub-Category of the Company :- Company Limited by Shares / Indian Non Government Company

v) Address of the Registered office and contact details :- Ground Floor, KHIL House, 70 – C, Nehru Road, Near Santacruz Airport, Vile Parle (East), Mumbai - 400099

vi) Whether listed company:- ~~Yes~~ / No

vii) Name, Address and Contact details of Registrar and Transfer Agent: N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Hotels and Restaurants	99633102	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1.	Kamat Hotels (India) Limited Address: 70-C, Nehru Road, Near Santacruz Airport,	L55101MH1986PLC039307	Holding Company	100%	2(46) of the Companies Act, 2013

	Vile Parle – East, Mumbai - 400099				

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters (1) Indian									
a. Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. State Govt (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d. Bodies Corp.	1,17,64,706	NIL	1,17,64,706	100%	1,17,64,706	NIL	1,17,64,706	100%	NIL
e. Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f. Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total (A) (1):-	1,17,64,706	NIL	1,17,64,706	100%	1,17,64,706	NIL	1,17,64,706	100%	NIL
(2) Foreign									
a. NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Other-Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. Bodies Coprp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d. Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e. Any other.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	1,17,64,706	NIL	1,17,64,706	100%	1,17,64,706	NIL	1,17,64,706	100%	NIL
B. **Public Shareholding**									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d. State Govt.(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e. Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f. Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g. FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h. Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i. Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub – Total (B) (1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non Institutions									
Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i. Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii. Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i. Individual Shareholders holding Nominal Share Capital upto Rs. 1 Lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii. Individual Shareholders holding Nominal Share Capital in excess of Rs. 1 Lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c (i) Clearing Member	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c (ii) Non Resident Indians (Repat)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c (iii) Non Resident Indians (Non Repat)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c (iv) Foreign Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub – Total (B) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	1,17,64,706	NIL	1,17,64,706	100%	1,17,64,706	NIL	1,17,64,706	100%	NIL

(ii)Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Kamat Hotels (India) Ltd	1,17,64,703	100%	78.99%	1,17,64,703	100%	78.99%	NIL
2	Dr. Vithal V. Kamat ***(Beneficial owner***: Kamat Hotels (India) Ltd)	1	0.00%	NIL	1	0.00%	NIL	NIL
3	Mr. Babu A. Devadiga ***(Beneficial owner***: Kamat Hotels (India) Ltd)	1	0.00%	NIL	1	0.00%	NIL	NIL
4	Mr. Narendra D. Pai (***Beneficial owner***: Kamat Hotels (India) Ltd)	1	0.00%	NIL	1	0.00%	NIL	NIL

iii) Change in Promoters' Shareholding (please specify, if there is no change) :
There is no change

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	N.A	N.A	N.A.	N.A.

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	At the End of the year	N.A.	N.A.	N.A.	N.A.

(iv)Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
At the End of the year (or on the date of separation, if separated during the year)					

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year Dr. Vithal V. Kamat (Beneficial owner: Kamat Hotels (India) Ltd)	1	0.00%	1	0.00%
1	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year Dr. Vithal V. Kamat ***(Beneficial owner:*** Kamat Hotels (India) Ltd)	N.A. 1	N.A. 0.00%	1	0.00%

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V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,75,54,44,595	1,96,46,39,995	NIL	3,72 00,84,590
Addition	66,75,173	NIL	NIL	66,75,173
Reduction	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
Addition	NIL	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	14,18,68,291	41,98,16,122	NIL	56,16,84,413
Addition	NIL	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial Year				
Addition	66,75,173	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	1,76,21,19,768	1,96,46,39,995	NIL	3,72,67,59,763
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	14,18,68,291	41,98,16,122.00	NIL	56,16,84,413

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager:*

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Bipinchandra Chunilal Kamdar	Dr. Vithal V. Kamat	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of Profit - other, specify	-	-	-
5.	Others, please specify Fees for attending the Board Meetings of the Company	-	-	-
	Total (A)	-	-	-
	Ceiling as per Act		-	-

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B. *Remuneration to other directors:*

Sr No	Particulars of Remuneration	Name of the Director			Total Amount
		Mr. Ramnath P. Sarang	**Ms. Rubina Khan**	**Mr. Dinkar D. Jadhav**	
	1. Independent Directors • Fee for attending Board Committee Meetings	40000	40000	40000	120000
	• Commission	NIL	NIL	NIL	NIL
	• Others, Please specify i. Fee for attending Audit Committee Meetings	NIL	NIL	NIL	NIL
	ii. Fee for Committee Meetings	NIL	NIL	NIL	NIL
	iii. Fee for Stakeholders Relationship Committee Meeting	NIL	NIL	NIL	NIL
	Total (1)	40000	40000	40000	120000
	2. Other Non Executive Directors • Fee for attending Board Committee Meetings • Commission • Others, please specify	--	--	--	--
	Total (2)	--	--	--	--

	Total (B) = (1+2)	40000	40000	40000	120000
	Total Managerial Remuneration	40000	40000	40000	120000
	Overall Ceiling as per Act (for Sitting Fees) Rs.	40000	40000	40000	120000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	N.A.	3,25,718	4,61,702	7,87,420
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	N.A.	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		--	--	--
	Stock Option	N.A.	--	--	--
	Sweat Equity	N.A.	--	--	--
	Commission - as % of Profit - other, specify -	N.A.	--	--	--

	Others, please specify	N.A.	--	--	--
	Total	N.A.	3,25,718	4,61,702	7,87,420

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES against the Company, Directors and other officers in default under the Companies Act, 2013: NONE

For and on behalf of the Board of Directors
For Orchid Hotels Pune Private Limited

B.C. Kamdar

	Bipinchandra Chunilal Kamdar	Dinkar D. Jadhav
Place: Mumbai	Managing Director	Director
Date: 23rd May, 2018	(DIN 01972386)	(DIN 01809881)

Annexure II

NOMINATION AND REMUNERATION POLICY

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.

- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the hotel industry.

- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.

- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 10th April, 2014.

Effective Date:

This policy shall be effective from 10th April, 2014.

Constitution of the Nomination and Remuneration Committee:

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The Board had at its meeting held on 10th April, 2014 constituted a Nomination and Remuneration Committee. Presently, the Nomination and Remuneration Committee comprises of the following Directors:

Sr. No.	Name	Position
1.	Mr. Dinkar D. Jadhav	Chairman (Nominee Director of Holding Company)
2.	Mr. Bipinchandra Chunilal Kamdar	Member (Managing Director)
2.	Mr. Ramnath P. Sarang	Member (Managing Director)
3.	Ms. Rubina Khan	Member (Independent Non – Executive Director)

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

Definitions:

- **Board** means Board of Directors of the Company.
- **Directors** mean Directors of the Company.
- **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **Company** means Orchid Hotels Pune Private Limited.
- **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- **Key Managerial Personnel** (KMP) means-
  (i) Executive Chairman and / or Managing Director;
  (ii) Whole-time Director;
  (iii) Chief Financial Officer;
  (iv) Company Secretary;
  (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- **Senior Management** means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability

The Policy is applicable to
- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

General
- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.

- The key features of this Company's policy shall be included in the Board's Report.

PART – A
MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:
- Formulate the criteria for determining qualifications, positive attributes and independence of a director.

- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART – B
POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **Appointment criteria and qualifications:**

  1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

  2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether

qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- **Term / Tenure:**

1. Managing Director/Whole-time Director:
- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:
- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to sever listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules

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and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C
POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 1st October in respect of a Whole-time Director and 1st April in respect of other employees of the Company.

4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

****

ORIGINAL

Independent Auditors' Report

To,
The Members of
Orchid Hotels Pune Private Limited

1. Report on the Ind AS financial statement

We have audited the accompanying Ind AS financial statements of **Orchid Hotels Pune Private Limited** ('the Company') which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (together referred to as Ind AS financial statements).

2. Management's responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

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

4. Basis for qualified opinion

a. Refer note 23.4 of the notes to Ind AS financial statements in respect of pending final settlement with lender (ARCIL) where in view of the management for the reasons stated in the said note, no further interest liability is required to be accounted for the period from 1st October 2013 to 31st March 2018. Further, as stated in note 23.3 of the notes to Ind AS financial statement, balance as at 31st March 2018 in respect of principal amount of loan and interest liability accounted is subject to confirmation. In the absence of confirmations from the lender, we cannot comment on the adjustment that would be required to the carrying value of these balances on the accompanying Ind AS financial statements.

b. Refer note 30.1 of the notes to Ind AS financial statements regarding non-provision of interest liability of Rs.134.00 lakhs (including for the year ended 31st March 2018 of Rs. 25.59 lakhs) in respect of total bank guarantee invoked by the ICICI bank in earlier years. Had the provision for interest would have been made, loss for the year as per Ind AS financial statement would have increased by Rs. 25.59 lakhs, closing balance of negative other equity and current liabilities would have been increased by Rs.134.00 lakhs in the Ind AS financial statement as on 31st March 2018.

Further, emphasis of matter was given by previous auditor on para 4(a) above in their independent audit report for financial year 2016-2017 dated 19th May 2017.

5. Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS 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 including Ind AS specified under Section 133 of the Act, of financial position of the Company as at 31st March 2018, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

6. Material uncertainty related to going concern

Reference is invited to Note 42 of Ind AS financial statements regarding preparation of Ind AS financial statements on going concern basis. The Company has incurred substantial losses during the year and previous financial years and its net worth is fully eroded as of that date and its current liabilities are more than its current assets as on 31st March 2018. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in Note 23.4 & 30.1 above. The lender of the Company has also initiated the process of recovery of its dues by inviting expression of interest for selling the entity. The offers received are under consideration and negotiations are at advanced stage. Management is expecting to settle the loan amicably with the lender. In view of the above, limited support available from the holding company due to financial constraints and considering provision for impairment of fixed assets made during the year, in the opinion of the management, financial statements are prepared on going concern basis.

Our opinion is not modified in respect of above matter. Further, emphasis of matter was given by previous auditor on going concern issue in its independent audit report for financial year 2016-2017 dated 19th May 2017.

7. Emphasis of matter

a. Attention is invited to note 23.5 of the notes to Ind AS financial statement, regarding dispute over lease rent payable to the Government agency. Pending outcome of the dispute, Company has accounted for the liability amounting to Rs. 886.54 lakhs for the period from 1st November 2014 to 31st March 2018; however, the same has not been paid. As per the management interest/penalty if any, will be accounted in the year in which dispute will be resolved.

b. Attention is invited to note 32, exceptional item which includes provision for impairment loss amounting to Rs. 21,400.09 lakhs which has been recognised during the current year based on management assessment and other developments as stated in the said note.

Our opinion is not modified in respect of above matters.

8. Other matters

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 19th May, 2017 and 21st May 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter.

9. 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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a) Except in respect of matters described in the Basis for Qualified Opinion paragraph above, 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) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 (Including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

   e) The matters described in Basis for Qualified Opinion, paragraph 7(a) of 'Emphasis of matter' paragraph and paragraph on 'Material Uncertainty related to Going Concern', 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 31st March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2018, 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 B".

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the details of pending litigations and its impact on its financial position (as applicable) in the financial statements - Refer note 23.5, 36.2 (c) to (f).

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

M. v. Mody

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
Annexure A to Independent Auditors' Report for the period from 1st April 2017 to 31st March 2018
[Referred to in 'Other legal and regulatory requirements 'of our report of even date]

i. In respect of fixed assets:

a) The Company has maintained proper records showing full particulars and situation except quantitative details of the fixed assets.

b) The fixed assets of the Company are physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c) As per the information and explanation given to us and on the basis of our examination of the records of the Company, it holds immovable properties ("buildings") that have been built on land taken on lease which are disclosed as a part of the property, plant and equipment of the Company in the financial statements. The lease agreement is in the name of the Company.

ii. In our opinion, physical verification of inventories has been conducted by management at reasonable intervals. The discrepancies noticed on such verification by management, were not material and have been properly dealt with in the books of account.

iii. According to the information and explanation given to us, the Company has not granted any loan secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, clause (iii) (a),(b),(c) of paragraph 3 of the Order is not applicable.

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iv. According to the information and explanation given to us, the Company has not granted any loan or given any guarantee or provided any security to any of its directors or any person connected to directors which attracts the provisions of section 185 of the Act from the date when it became effective. The Company has not granted any loan, made investment, given any guarantee or provided securities from the date when this section was effective for which compliance u/s 186 of the Act is required. In view of the above, our comment on compliance of Section 185 and 186 of the Act is not required.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of provisions of Section 73 to 76 of the Act and the rules framed there under. We have been informed that no order relating to Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act. Accordingly, clause (vi) of paragraph 3 the Order is not applicable to the Company.

vii. In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been generally regular in depositing undisputed statutory dues including, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable to the Company, during the period with the appropriate authorities except few delays in payment of tax deducted at source, provident fund and goods and service tax (GST). There are no undisputed amounts payable in respect of statutory dues outstanding as at 31st March 2018 for a period of more than six months from the date they become payable except provident fund of Rs. 2,975 pertaining to period April to August 2017.

(b) According to the records of the Company and information and explanations given to us, there are no dues of income tax, sales tax, service tax, GST, duty of customs, duty of excise,

N.A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

value added tax which have not been deposited with appropriate authorities on account of any dispute except as mentioned below:

Name of the Statute	Amount (in Rs.)	Nature of the dues	Financial Year to which matter pertains	Forum where dispute is pending
Maharashtra Value Added Tax Act 2002	1,102,014	Tax liability	2011-12	Joint Commissioner of Sales Tax (Appeals)

viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in payment of interest and repayment of principal to banks as tabulated below (Also refer para 4 (a) and (b) of our Independent Auditors' Report):

Sr. No.	Name of the lender	Amount of default (Rs. in lakhs)	Period of delay	Remarks
1	Asset Reconstruction Company India Limited (ARCIL)*	17,415.31	1735	Principal
		1,418.68+ Not quantified	1797	Interest**
2	ICICI Bank	72.38	1512	Principal
		134.00	1491	Interest**

*Outstanding term loan and interest assigned by ICICI Bank to ARCIL in earlier years.
** Including interest expenses not accounted in the books.

The Company has not borrowed any money from the financial institution, Government or by way of issue of debentures.

ix. The Company has neither raised money by way of initial public offer or further public offer [including debt instruments] & term loans during the year nor does it have opening balance, hence, clause (ix) of paragraph 3 of the Order is not applicable.

x. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud by the Company or any fraud on the Company by its employees / officers, nor have been informed of any such case by the management.

xi. The Company has not paid or provided any managerial remuneration. Hence, reporting under clause (xi) of paragraph 3 of the Order is not applicable.

xii. In our opinion, the Company is not a Nidhi company. Therefore, clause (xii) of paragraph 3 the Order is not applicable.

xiii. According to the information and explanations given to us and on the basis of our examination of records of the Company, transaction with related parties are in compliance with Section 188 of Act and have been disclosed in the Ind AS financial statements as required under Ind AS 24, Related Party Disclosure specified under section 133 of the Act [Also refer note 37 of Ind AS financial statements], read with Rule 7 of the Companies (Accounts) Rules 2014. Section 177 of the Act is not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, question of our comment on compliance with provisions of Section 42 of Act does not arise.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or person connected with him. Therefore, question of our comment on compliance with provisions of Section 192 of the Act does not arise.

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Orchid Hotels Pune Private Limited
Annexure A to Independent Auditors' Report for the period from 1st April 2017 to 31st March 2018
[Referred to in 'Other legal and regulatory requirements 'of our report of even date]

xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

M N Mody

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
Annexure B to the Independent Auditor's 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 **Orchid Hotels Pune Private Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS 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 Act.

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 Act, 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 ICAI. 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 Ind AS 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 Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

The 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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. The 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Orchid Hotels Pune Private Limited
Annexure B to the Independent Auditor's Report
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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, 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 31st March 2018, 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 ICAI.

Emphasis of matter

Company need to further strengthen the (i) cash management procedure and (ii) accounting of trade receivable and balance confirmation process.

Our opinion on the internal financial control over financial reporting is not qualified in respect of the above matters.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

M. Mody

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
CIN: U55101MH2007PTC170188
Balance Sheet as at 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

Particulars	Note no.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
ASSETS				
A Non-current assets				
a) Property, plant and equipment	5	16,000.00	38,497.38	39,582.67
b) Intangible assets	6	2.39	2.79	3.20
c) Capital work-in-progress	7	-	0.90	-
d) Financial assets				
i) Investments	8	-	0.11	0.10
II) Loans	9	136.46	134.05	140.79
e) Deferred tax assets (Net)	10	-	-	-
f) Income tax assets (Net)	11	97.38	69.50	130.00
(A)		**16,236.23**	**38,704.73**	**30,856.76**
B Current assets				
a) Inventories	12	72.30	70.20	99.00
b) Financial assets				
i) Trade receivables	13	356.78	91.18	158.60
ii) Cash and bank balances	14	139.01	526.74	792.96
iii) Other current financial assets	15	643.00	638.22	634.46
c) Other current assets	16	240.55	68.07	54.58
(B)		**1,451.64**	**1,394.41**	**1,739.60**
TOTAL (A + B)		**17,687.87**	**40,099.14**	**41,596.36**
EQUITY AND LIABILITIES				
A Equity				
a) Equity share capital	17	1,176.47	1,176.47	1,176.47
b) Other equity	18	(27,923.18)	(5,112.47)	(4,393.75)
(A)		**(26,746.71)**	**(3,936.00)**	**(3,217.28)**
Liabilities				
B Non-current liabilities				
a) Financial liabilities				
i) Borrowings	19	19,646.40	19,646.40	19,646.40
b) Provisions	20	26.71	37.88	42.30
(B)		**19,673.11**	**19,684.28**	**19,688.70**
C Current liabilities				
a) Financial liabilities				
i) Short term borrowings	21	72.38	139.13	141.59
ii) Trade payables				
- Amount due to Micro and small enterprises		-	-	-
- Amount due to other than Micro and small enterprises	22	487.34	359.11	382.91
iii) Other financial liabilities	23	23,968.60	23,777.86	23,530.16
b) Other current liabilities	24	230.01	72.02	1,066.09
c) Provisions	25	3.14	2.74	4.19
(C)		**24,761.47**	**24,350.86**	**25,124.94**
TOTAL (A+B+C)		**17,687.87**	**40,099.14**	**41,596.36**
Significant accounting policies and notes to financial statements	**1 to 45**			

The notes referred to above form an integral part of the Financial Statements

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

M. Mody

Milan Mody
Partner
Membership No. : 103286

Place: Mumbai
Date: 23rd May 2018

For and on behalf of the Board of Directors of Orchid Hotels Pune Private Limited

B.C.Kamdar
Managing Director
DIN: 01972386

Dinkar D. Jadhav
Director
DIN: 01809881

Shruti Srivastava
Company Secretary

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
CIN: U55101MH2007PTC170188
Statement of profit and loss for the year ended 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

	Particulars	Note no.	Year ended 31st March 2018	Year ended 31st March 2017
A	**Income**			
	Revenue from operations	26	3,118.17	2,977.93
	Other income	27	24.20	61.79
	Total income (A)		**3,142.37**	**3,039.72**
B	**Expenses**			
	Cost of materials consumed	28	376.04	336.66
	Employee benefit expenses	29	918.73	647.14
	Finance costs	30	2.60	3.06
	Depreciation and amortisation	5 & 6	1,096.19	1,105.74
	Other expenses	31	2,174.59	1,666.49
	Total expenses (B)		**4,568.15**	**3,759.03**
C	**Profit/(loss) before exceptional items and tax (A - B) (C)**		**(1,425.78)**	**(719.31)**
	Exceptional item - Income / (Expense)	32	(21,400.09)	-
D	**Profit/(loss) before tax (D)**		**(22,825.87)**	**(719.31)**
E	**Tax expense:**			
	- Current tax		-	-
	- Deferred tax	10	-	-
	Total tax expense (E)		-	-
F	**(Loss) after tax (D - E)(F)**		**(22,825.87)**	**(719.31)**
G	**Other comprehensive income / (loss)**			
	a. (i) Items that will not be classified to profit or loss			
	- Remeasurement of defined benefit plans - Gain/(loss)		15.16	0.59
	(ii) Income tax relating to items that will not be classified to profit or loss		-	-
	b. (i) Items that will be classified to profit or loss		-	-
	(ii) Income tax relating to items that will be classified to profit or loss		-	-
	Other comprehensive income/ (loss) for the year (G)		**15.16**	**0.59**
H	**Total comprehensive income/ (loss) for the year (F + G)**		**(22,810.71)**	**(718.72)**
	Basic and diluted earnings/ (loss) per share	38	(194.02)	(6.11)
	Equity shares [Face value of Rs. 10 each]			
	Significant accounting policies and notes to financial statements	1 to 45		

The notes referred to above form an integral part of the Financial Statements

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

H. V. Mody

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Milan Mody
Partner
Membership No. : 103286

Place: Mumbai
Date: 23rd May 2018

For and on behalf of the Board of Directors of Orchid Hotels Pune Private Limited

B.C.Kamdar

B.C.Kamdar
Managing Director
DIN: 01972386

Dinkar D. Jadhav
Director
DIN: 01809881

Shruti Srivastava
Company Secretary

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
CIN: U55101MH2007PTC170188
Statement of changes in equity for the year ended 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Opening balance	1,176.47	1,176.47	1,176.47
Changes in equity share capital during the year	-	-	-
Closing balance	1,176.47	1,176.47	1,176.47

(Also refer note 17)

(b) Other equity

Particulars	Reserves & surplus		OCI*	Total other equity
	Securities Premium Account	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at 1st April, 2016	6,379.62	(10,773.36)	-	(4,393.75)
Loss for the year	-	(719.31)		(719.31)
Other comprehensive income/ (loss) for the year			0.59	0.59
Balance as at 31st March 2017	**6,379.62**	**(11,492.68)**	**0.59**	**(5,112.47)**
Loss for the year	-	(22,825.87)	-	(22,825.87)
Other comprehensive income/ (loss) for the year	-	-	15.16	15.16
Balance as at 31st March 2018	**6,379.62**	**(34,318.54)**	**15.74**	**(27,923.18)**

(Also refer Note 18)

*Other comprehensive income

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W

M. D. Mody

Milan Mody
Partner
Membership No. : 103286

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 23rd May 2018

For and on behalf of the Board of Directors of
Orchid Hotels Pune Private Limited

B.C. Kamdar

B.C.Kamdar
Managing Director
DIN: 01972386

Dinkar D. Jadhav
Director
DIN: 01809881

Shruti Srivastava
Company Secretary

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
CIN: U55101MH2007PTC170188
Cash Flow Statement for the year ended 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

Particulars	Note	Year ended 31st March 2018	Year ended 31st March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(22,825.87)	(719.31)
Adjustments for:			
Finance cost		2.60	3.01
Interest income		(14.97)	(53.56)
Depreciation and amortisation		1,096.19	1,105.74
Investment written off		0.11	-
Provision for impairment of property, plant and equipment		21,400.09	-
Provision for bad and doubtful debt		65.05	61.26
Loss on sale of fixed assets		103.19	-
Operating profit / (loss) before working capital changes		**(173.61)**	**397.14**
Movements in working capital : [Including Current and Non-current]			
(Increase) / decrease in loans, trade receivable and other assets		(503.03)	7.14
(Increase) / decrease in inventories		(2.10)	28.80
Increase / (decrease) in trade payable, other liabilities and provisions		549.86	(770.96)
Cash generated/used from operations before tax		**(128.88)**	**(337.88)**
Adjustment for:			
Direct taxes - Refund received/ (taxes paid) (Tax deducted at source)		(26.39)	65.58
Net cash generated/(used) in operating activities ......(A)		**(155.27)**	**(272.30)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (Including capital work in progress)		(182.31)	(25.44)
Sale of property, plant and equipment		13.01	-
Interest income		13.11	51.32
(Increase)/decrease in bank balance [Current and non-current] (other than cash and cash equivalent)		(4.50)	18.24
Cash generated/(used) from investing activities before tax		**(160.68)**	**44.12**
Adjustment for:			
Direct taxes - Refund received/ (taxes paid) (Tax deducted at source)	41(i)	(1.50)	(5.08)
Net cash generated/(used) in investing activities ......(B)		**(162.18)**	**39.04**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings	21.1	45.00	-
Repayment of short term borrowing		(111.75)	(2.46)
Interest paid (Including other borrowing cost)		(2.60)	(3.01)
Net cash generated/(used) in financing activities ......(C)		**(69.35)**	**(5.47)**

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

Orchid Hotels Pune Private Limited
CIN: U55101MH2007PTC170188
Cash Flow Statement for the year ended 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

Particulars	Note	Year ended 31st March 2018	Year ended 31st March 2017
Net increase / (decrease) in cash and cash equivalents (A+ B+C)		(386.79)	(238.73)
Cash and cash equivalents at beginning of the year	14	525.03	763.76
Cash and cash equivalents at end of the year		138.24	525.03
Net increase / (decrease) in cash and cash equivalents		(386.79)	(238.73)
Significant accounting policies and notes to financial statement	1 to 45		

Notes referred to herein above form an integral part of financial statements.

As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

H. O. Mody

Milan Mody
Partner
Membership No. : 103286

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 23rd May 2018

For and on behalf of the Board of Directors of

B.C. Kamdar

B.C.Kamdar
Managing Director
DIN: 01972386

Dinkar D. Jadhav
Director
DIN: 01809881

Shruti Srivastava
Company Secretary

Place: Mumbai
Date: 23rd May 2018

Orchid Hotels Pune Private Limited
CIN No: U55101MH2007PTC170188
Noteson financial statements for the year ended 31stMarch 2018

1. Background

The Company was incorporated on 21stApril2007under Companies Act, 1956 and is domiciled in India. The registered office of the Company is located at Ground Floor, KHIL House, 70-C, Nehru Road, Vile Parle (East), Mumbai 400099. The Company is in the hospitality business. It has taken lease hold land for a period of 60 years from Director of Sports of Youth Services, Government of Maharashtra at Balewadi, Pune and has constructed "five star" category hotel under Build, Operate and Transfer (BOT) model.The Company is a wholly owned subsidiary of Kamat Hotels (India) Limited ('KHIL').

The financial statements of the Company for the year ended 31stMarch 2018 were approved and adopted by board of directors of the Company in their meeting held on 23rdMay 2018.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

For all periods up to and including the year ended 31st March 2017, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules 2014 (referred as "Indian GAAP"). These are the Company's first annual financial statements prepared complying in all material respects with the Ind AS notified under Section 133 of the Companies Act, 2013.

The financial statements comply with Ind AS notified by the Ministry of Corporate Affairs ('MCA'). The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at 1st April 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from Indian GAAP which is considered as the previous GAAP, as defined in Ind AS 101. The reconciliation of effects of the transition from Indian GAAP on the equity as at 1st April 2016 and 31st March 2017 and on the net profit and cash flows for the year ended 31st March 2017 is disclosed in note 45 to these financial statements.

2.2. Functional and presentation of currency

The financial statements are prepared in Indian Rupees which is also the Company's functional currency. All amounts are rounded to the nearest rupees in lakhs.

2.3. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in "Ind AS 113 Fair Value Measurement".

2.4. Use of significant accounting estimates, judgements and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses for the periods presented. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates and critical judgement in applying these accounting policies are described below:

i) Property, plant & equipment and Intangible assets

The Company has estimated the useful life, residual value and method of depreciation / amortisation of property, plant & equipment and intangible assets based on its internal technical assessment. Property, plant & equipment and intangible assets represent a significant proportion of the asset base of the Company. Further, the Company has estimated that scrap value of property, plant & equipment would be able to cover the residual value & decommissioning costs of property, plant & equipment.

Therefore, the estimates and assumptions made to determine useful life, residual value, method of depreciation / amortisation and decommissioning costs are critical to the Company's financial position and performance.

ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on industry practice, Company's past historyand existing market conditions as well as forward looking estimates at the end of each reporting period.

iii) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claim / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

iv) Income taxes

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Currently, the Company has recognised the deferred tax on unused tax losses / unused tax credits only to the extent of the corresponding deferred tax liability. Any increase in probability of future taxable profit will result into recognition of unrecognised deferred tax assets.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

v) Measurement of defined benefit plan & other long term benefits

The cost of the defined benefit gratuity plan / other long term benefits and the present value of the gratuity obligation / other long term benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation / other long term benefits is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

vi) Corporate Guarantee

The Company has given corporate guarantee on behalf of holding company aggregating to Rs.2,475,500,000(31st March 2017: Rs. 2,475,500,000& 1st April 2016: Rs. 2,475,500,000) towards loan facilities taken from banks/ others. Holding Company has also given guarantee towards loan taken by the Company. Company does not expect any outflow on account of this guarantee. In view of the financial condition of the Company and management estimate that KHIL would be able to refinance its outstanding debt and meet the debt obligations as and when they fall due and hence the financial guarantee obligation is not required to be recognised in financial statements and it has been disclosed as contingent liability.

vii) Going concern

The Company has incurred net loss during the year and previous years, its net worth is fully eroded and its current liabilities are more than its current assets as on 31st March 2018. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in note23.4 and 30.1. The lender of the Company has also initiated the process of recovery of its dues by inviting expression of interest for selling the Company. The offers received are under consideration and negotiations are at advanced stage. Management is expecting to settle the loan amicably with the lender. In view of the above, limited support available from the holding company due to financial constraints and considering provision for impairment of fixed assets made during the year, in the opinion of the management, financial statements are prepared on going concern basis.

viii) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an assets or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

Management of Company has reviewed the recoverable value in respect to net block of fixed assets as on 31st March 2018. Based on such assessment (including offers received pursuant to action initiated by the lender) provision for impairment loss amounting to Rs. 2,140;009,462 has been recognised during the current year.

3. Significant Accounting Policies

3.1. Presentation and disclosure of financial statement

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Companies Act, 2013 for a company whose financial statements are made in compliance with the Companies (India Accounting Standards) Rules, 2015.

Based on the nature of service i.e. hospitality and the time between rendering of services and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current / non-current classification of assets and liabilities.

3.2. Property, Plant and Equipment and Depreciation

Recognition and measurement

Under the previous GAAP, property, plant and equipment were carried at historical cost less depreciation and impairment losses, if any. On transition to Ind AS, the Company has availed the optional exemption under Ind AS 101 and accordingly it has used the carrying value as at the date of transition i.e. 1st April 2016 as the deemed cost of the property, plant & equipment under Ind AS.

Properties plant and equipment are stated at their cost of acquisition. Cost of an item of property, plant and equipment includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Parts (major components) of an item of property, plant and equipments having different useful livesare accounted as separate items of property, plant and equipments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction / acquisition that are not yet ready for their intended use at the Balance Sheet Date.

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Depreciation and useful lives

Depreciation on the property, plant and equipment (other than freehold land and capital work in progress) is provided on a straight-line method (SLM) over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013.

Building on leasehold lands and improvements to building on leasehold land / premises are amortized over the period of lease or useful life whichever is lower.

Leasehold land considered as finance lease is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognised.

3.3. Intangible assets and amortisation

Recognition and measurement

Under the previous GAAP, intangible assets were carried at historical cost less amortization and impairment losses, if any. On transition to Ind AS, the Company has availed the optional exemption under Ind AS 101 and accordingly it has used the carrying value as at the date of transition i.e. 1st April 2016 as the deemed cost of the intangible assets under Ind AS.

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. Intangible assets are stated at cost of acquisition/development less accumulated amortization and accumulated impairment loss if any.

Cost of an intangible asset includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use.

Intangible assets under development comprises of cost incurred on intangible assets under development that are not yet ready for their intended use as at the Balance Sheet date.

Amortization and useful lives

Computer softwares are amortized in 10 years on straight line basis. Amortisation methods and useful lives are reviewed at each financial year end and adjusted prospectively.

In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition

3.4. Inventories

Inventories comprises of stock of food, beverages, stores and operating supplies and are valued at lower of cost (computed on weighted average basis) or net realizable value. Purchase of operating supplies (other than initial acquisition during the pre-commencement of the hotel and commencement of new restaurants / outlets) is charged to statement of profit and loss in the year of consumptions. The Cost comprises of cost of purchases, duties and taxes (other than those subsequently recoverable) and other costs incurred in bringing them to their present location and condition. Cost of inventories is arrived at after providing for cost of obsolescence.

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3.5. 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and discounts given to the customers.

(i) Revenue comprises of sale of rooms, banquets, food & beverages and allied services relating to hotel operations. Revenue is recognised upon rendering of service. Sales and services are recorded inclusive of excise duty (wherever applicable) and net of goods and service tax, sales tax, service tax, luxury tax and discounts. Revenue yet to be billed is recognised as unbilled revenue.

(ii) Initial non-refundable membership fee is recognised as income over the period of validity of membership which reflects the expected utilization of membership benefits. Annual membership fees are recognised as income on time proportion basis.

(iii) For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

(iv) Income from rentals are recognized as an income in the statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

3.6. Employee benefits

- Short term employee benefits

  All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

- Post-employment benefits& other long term benefits

  a. Defined contribution plan

  The defined contribution plan is a post-employment benefit plan under which the Company contributes fixed contribution to a Government Administered Fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

  b. Post-employment benefitand other long term benefits

  The Company has defined benefit plans comprising of gratuity and other long term benefits in the form of leave benefits and long service rewards. The present value of the defined benefit obligations and certain other long term employee benefits [privilege leave and sick leave] is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

  Re-measurements comprising of (a) actuarial gains and losses, (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or

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credit to retained earnings through other comprehensive income in the period in which they occur [with respect to gratuity] and for other long term employee benefits same are recognized immediately in Statement of Profit and Loss. Re-measurements with respect to gratuity are not reclassified to statement of profit and loss in subsequent periods.

Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions for other employee benefit plan [other than gratuity] are recognized immediately in the Statement of Profit and Loss as income or expense.

The cost of providing benefit under long service awards scheme is determined on the basis of estimated average cost of providing service.Since there are no employees eligible under the scheme as at the balance sheet date, no provision for the same is required to be made.

3.7. Borrowing cost

Borrowing costs (net of interest income on temporary investments) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary cost of borrowings in respect of loans not disbursed are carried forward and accounted as borrowing cost in the year of disbursement of loan. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

3.8. Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease. Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where Company is lessee

Operating lease - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

Where Company is lessor

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to Statement of Profit and Loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

3.9. Taxes on income

Tax expenses for the year comprises of current tax, deferred tax charge or credit and adjustments of taxes for earlier years. In respect of amounts adjusted outside profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted outside profit or loss.

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Provision for current tax is made as per the provisions of Income Tax Act, 1961.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. 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 taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

3.10. Cash and cash equivalent

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent as calculated above also includes outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.11. Cashflow statement

Cash flows are reported using the indirect method, where by net 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 are segregated.

3.12. Provisions, contingent liabilities,contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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 a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable. However, when the realisation of

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Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.13. Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.14.1. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

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Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee. Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model based on 'simplified approach' for the financial assets which are not fair valuedthrough profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equalto lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unlessthere has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amountof expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required tobe recognized is recognized as an impairment gain or loss in statement of profit and loss.

De-recognition of financial asset

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.14.2. Financial liability and equity instrument

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

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- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

4. New standard issued but not effective and hence not adopted

The following standards issued / modified by MCA become effective w.e.f. 1st April 2018.

Particulars	**Effective date**
New Ind AS issued *	
Ind AS 115 – Revenue from contracts with customers	1st April 2018
Modification to existing Ind AS *	
Ind AS 12 – Income Taxes	1st April 2018
Ind AS 21 – The effects of changes in foreign exchange rates	1st April 2018
Ind AS 28 – Investments in associates and joint ventures	1st April 2018
Ind AS 40 – Investment property	1st April 2018
Ind AS 112 – Disclosure of interest in other entities	1st April 2018

* Does not include modification to existing other Ind AS due to issue of new Ind AS.

The Company is assessing the potential impact of above amendments on the financial statements. Management presently is of the view that it would not have a material impact on the financial statements.

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Property, plant and equipment	Building on lease hold land and lease hold improvements(Refer note 5.2)	Plant & Equipments	Furniture & Fixtures	Office Equipments	Total
Gross carrying value					
Deemed cost as at 1st April, 2016 (Refer note 5.1)	37,117.00	2,321.55	143.89	0.23	39,582.67
Additions during the year 2016-17	-	14.45	2.81	2.79	20.04
Deletions during the year 2016-17	-	-	-	-	-
Balance as at 31st March, 2017	**37,117.00**	**2,336.00**	**146.70**	**3.02**	**39,602.71**
Additions during the year 2017-18	-	94.68	5.59	14.42	114.69
Deletions during the year 2017-18	-	139.39	-	-	139.39
Balance as at 31st March, 2018	37,117.00	2,291.29	152.29	17.44	39,578.02
Accumulated depreciation (Refer note 5.1)					
Balance as at 1st April, 2016	-	-	-	-	-
Additions during the year 2016-17	706.22	362.47	36.49	0.15	1,105.34
Deletions during the year 2016-17	-	-	-	-	-
Balance as at 31st March, 2017	**706.22**	**362.47**	**36.49**	**0.15**	**1,105.34**
Additions during the year 2017-18	705.32	356.02	33.76	0.69	1,095.78
Deletions during the year 2017-18	-	23.20	-	-	23.20
Impairment loss (Refer note 32.1)	21,400.09	-	-	-	21,400.09
Balance as at 31st March, 2018	22,811.63	695.29	70.25	0.84	23,578.02
Net carrying amount					
Balance as at 1st April, 2016	37,117.00	2,321.55	143.89	0.23	39,582.67
Balance as at 31st March, 2017	36,410.77	1,973.53	110.21	2.86	38,497.38
Balance as at 31st March, 2018	14,305.36	1,596.00	82.04	16.60	16,000.00

5.1 **Notes:**
On transition to Ind AS, the carrying values of all the property, plant and equipment under the previous GAAP have been considered to be the deemed cost under Ind AS (Also refer note 45).

5.2 Cost includes improvement to building constructed on leasehold land.

5.3 The entire block assets of the Company is mortaged/ hypothecated towards term loan facility from lenders (Refer note 21.2 and 23.2).

6

Other intangible assets	Software	Total
Gross carrying value		
Deemed Cost as at 1st April, 2016 (Refer note 6.1)	3.20	3.20
Additions during the year 2016-17	-	-
Deletions during the year 2016-17	-	-
Balance as at 31st March, 2017	**3.20**	**3.20**
Additions during the year 2017-18	-	-
Deletions during the year 2017-18	-	-
Balance as at 31st March, 2018	3.20	3.20
Accumulated amortization		
Balance as at 1st April, 2016 (Refer note 6.1)	-	-
Amortization for the year 2016-17	0.41	0.41
Deletions during the year 2016-17	-	-
Balance as at 31st March, 2017	**0.41**	**0.41**
Amortization for the year 2017-18	0.41	0.41
Deletions during the year 2017-18	-	-
Balance as at 31st March, 2018	0.81	0.81
Net carrying amount		
Balance as at 1st April, 2016	3.20	3.20
Balance as at 31st March, 2017	2.79	2.79
Balance as at 31st March, 2018	2.39	2.39

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6.1 On transition to Ind AS, the carrying values of intangible assets under the previous GAAP have been considered to be the deemed cost under Ind AS (Also refer note 45).
6.2 Software is other than internally generated software.
6.3 Balance useful life of intangible asset is 2 years to 6 years (31st march 2017 : 3 to 7 years, 1st April 2016 : 4 to 8 years).

7

Capital work in progress	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Opening balance	0.90	-	-
Add: Additions during the year	-	0.90	-
Less: Capitalised during the year	0.90	-	-
Closing balance	-	**0.90**	-

8

Investments	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Investments carried at fair value through profit and loss account			
Non trade investments (Unquoted)			
Investments in Government Securities (Refer note (i) below)			
6 Year National Saving Certificate (NSC)	-	0.11	0.10
Total	-	**0.11**	**0.10**

Note: (i) Considering non-recoverability of amount, same has been written off during the year.

9

Loans (Unsecured, considered good)	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Security deposit	48.14	51.15	67.14
Fixed deposit with bank (Margin money) - Maturity of more than 12 Months	88.32	82.90	73.65
Total	**136.46**	**134.05**	**140.79**

9.1 Fixed deposit is given as margin money to the Bank for guarantee given by bank to Government and other authorities on behalf of the Company.

10

Deferred tax assets (net)	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Major components of deferred tax assets and deferred tax liabilities:			
Deferred tax assets			
Carried forward losses as per Income Tax Act, 1961	6,836.91	7,529.41	6,613.68
Expense allowed on payment basis as per Income tax act	455.70	443.85	644.27
Difference in net carrying value of fixed asset as per income tax and books	1,387.28	-	-
Sub-total (A)	**8,679.89**	**7,973.26**	**7,257.96**
Deferred tax liabilities			
Difference in net carrying value of fixed asset as per income tax and books	-	4,582.14	4,086.71
Sub-total (B)	-	**4,582.14**	**4,086.71**
Less: Deferred tax asset not recognised [Refer Note 10.1(b)] **(A-B)**	8,679.89	3,391.12	3,171.25
Deferred tax assets/(liability)	-	-	-

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(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

10.1 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2018 and 31st March 2017

Particulars	As at 31st March 2018	As at 31st March 2017
Accounting profit before tax from operations (Including Other Comprehensive income)	(22,810.71)	(718.72)
Income tax liability/(asset) as per applicable tax rate i.e. 25.75% (31st March 2017: 30.90%)	(5,873.76)	(222.09)
(a) Permanent disallowance	1.31	2.22
(b) Effect of change in tax rate from 30.90% to 26% for deferred tax assets / liability calculation	480.73	-
(c) Reversal of deferred tax asset on expiry of brought forward period of business losses	102.95	-
(d) Deferred tax asset not recognised (Refer note (b) below)	5,288.77	219.86
Tax expense reported in the statement of profit and loss	-	-

Note:

(a) The Company offsets tax assets and liabilities in and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.

(b) No provision for income tax has been made in the current as well as in the previous year as there is no taxable income as per the Income Tax Act, 1961. As per Ind AS 12 - Income Taxes, deferred tax asset should be recognised on the carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Considering same, the Company has recognised deferred tax asset to the extent of deferred tax liability as in near future there is low probability that taxable profit will be available against which it can be utilised.

The unused business losses is having expiry period from 1 to 8 years as at 31st March 2018 (2 to 8 years as at 31st March 2017 & 3 to 8 years as at 1st April 2016) respectively.

11

Income tax assets (net)	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Income tax (Tax deducted at source)	97.38	69.50	130.00
Total	**97.38**	**69.50**	**130.00**

12

Inventories (At lower of cost or net realisable value)	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Food and beverages	50.70	14.85	26.69
Stores and operating supplies	21.60	55.35	72.31
Total	**72.30**	**70.20**	**99.00**

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13	Trade receivable (Unsecured considered good, unless otherwise stated)	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	-Considered good	356.78	80.59	158.60
	-Considered doubtful	126.30	71.85	-
		483.08	**152.44**	**158.60**
	Less: Allowance for expected credit loss	126.30	61.26	-
	Total	**356.78**	**91.18**	**158.60**

14	Cash and bank balances	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Cash and cash equivalent			
	Cash in hand	4.88	0.86	10.13
	Balances with bank			
	- In current accounts	133.36	163.34	152.57
	- Fixed deposit (maturity less than 3 months)	-	360.83	601.07
		138.24	**525.03**	**763.76**
	Bank balances other than cash and cash equivalent			
	- Fixed deposit	0.79	1.71	29.20
	Total	**139.03**	**526.74**	**792.96**

14.1 Fixed deposit is given as margin money to the Bank for guarantee given by bank to Government and other authorities on behalf of the Company.

15	Other current financial asset	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Interest accrued but not due	4.12	2.25	-
	Advance to staff / recoverable	0.06	1.52	0.02
	Advances - Others (Refer note 15.1)	634.44	634.44	634.44
	Export incentives receivable	4.39	-	-
	Total	**643.00**	**638.22**	**634.46**

15.1 Advances given by the Company in the earlier years are towards advance for procurement of project materials used for Orchid Convention Center at Balewadi, Pune. The project was abandoned in earlier years and the amount is due for refund, in view of management same is good and recoverable.

16	Other current assets	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Prepaid expenses	45.80	36.46	28.67
	Advance to suppliers (Refer note 16.1)	149.75	19.18	7.69
	Balance with authorities (Refer note 16.2)	45.00	12.44	18.22
	Total	**240.55**	**68.07**	**54.58**

16.1 Advance to supplier includes Rs. 107.12 lakhs (As at March 31, 2017: Nil, as at 1st April 2016: Nil) given to holding company (an entity in which director of the company is also a director).

16.2 Balance with authorities includes Rs. 45.00 lakhs (As at March 31, 2017: Nil; As at 1st April 2016: Nil), being bank guarantee invoked by Commissioner of Customs during the year in relation to non-fulfillment of export obligations. The Company has submitted all the documents related to fulfillment of export obligations to the custom authorities and order for cancellation of 'Bond and Bank Guarantee' is issued by the Commissioner of Customs except for Rs. 2.00 lakhs. Company will apply for refund on getting full clearance from the Commissioner of Customs.

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17 Equity share capital	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Authorised capital 2,50,00,000 equity shares (31st March 2017: 2,50,00,000 & 1st April 2016: 2,50,00,000) of Rs.10 each	2,500.00	2,500.00	2,500.00
Total	2,500.00	2,500.00	2,500.00
Issued, subscribed and paid-up 1,17,64,706 equity shares (31st March 2017: 1,17,64,706 & 1st April 2016: 1,17,64,706) of Rs.10 each	1,176.47	1,176.47	1,176.47
Total	1,176.47	1,176.47	1,176.47

17.1 Terms/ rights attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, there are no preferential amounts inter se equity shareholders. The distribution will be in proportion to the number of equity shares held by the shareholders (After due adjustment in case shares are not fully paid up).

17.2 Movements in equity share capital

Particulars	31st March 2018		31st March 2017	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the year	11,764,706	1,176.47	11,764,706	1,176.47
Add: Shares issued during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Number of shares at the end of the year	11,764,706	1,176.47	11,764,706	1,176.47

17.3 Details of shareholders holding more than 5 % shares in the Company:

Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	% of holding	Number of Shares *	% of holding	Number of Shares *	% of holding	Number of Shares *
Kamat Hotels (India) Limited	100%	11,764,706	100%	11,764,706	100%	11,764,706

*Out of above one share each held by Dr. Vithal V. Kamat, Mr. Babu Devadiga, Mr. Narendra Pai as nominee of Kamat Hotels (India) Limited.

17.4 Equity shares held by the holding company (also ultimate holding company)

Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	% of holding	Number of Shares*	% of holding	Number of Shares*	% of holding	Number of Shares*
Kamat Hotels (India) Limited	100%	11,764,706	100%	11,764,706	100%	11,764,706

*Out of above one share each held by Dr. Vithal V. Kamat, Mr. Babu Devadiga, Mr. Narendra Pai as nominee of Kamat Hotels (India) Limited.

18 Other equity	As at 31st March 2018	As at 31st March 2017
Share premium account (Refer noto 18.1):		
As per last balance sheet	6,379.62	6,379.62
Add: Security premium received	-	-
	6,379.62	6,379.62
Surplus/(Deficit) in the Statement of Profit and Loss (Refer note 18.2):		
As per last balance sheet	(11,492.68)	(10,773.36)
Add: Profit/(loss) for the year	(22,825.87)	(719.31)
Closing balance	(34,318.54)	(11,492.68)
Other comprehensive income		
As per last balance sheet	0.59	-
Profit/(loss) for the year	15.16	0.59
Closing balance	15.74	0.59
Total	(27,923.18)	(5,112.47)

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18.1 Securities premium account is used to record the premium on issue of equity shares. The same is utilised in accordance with the provisions of the Companies Act, 2013.

18.2 Retained earnings represent net loss remaining after all intra reserve allocations and appropriations towards dividend, etc.

19

Borrowings	As at31st March 2018	As at31st March 2017	As at1st April 2016
Secured			
Term loans (Refer Note 23.1,23.2, 23.3 and 23.4)			
- From others	18,834.00	18,834.00	18,834.00
Unsecured loan			
From holding company (Refer note 19.1)	23,844.56	23,844.56	23,844.56
	42,678.56	42,678.56	42,678.56
Less: Current maturities of long term loans (Refer note 23)	(17,415.31)	(17,415.31)	(17,415.31)
Less: Interest accrued and due (shown under other financial liabilities) (Refer note 23)	(5,616.84)	(5,616.84)	(5,616.84)
Total	**19,646.40**	**19,646.40**	**19,646.40**

19.1 The unsecured loan taken from Holding Company (Kamat Hotels (India) Limited) is repayable as per the terms of loan agreement dated 17th March, 2010 and subsequent modifications thereafter subject to availability of funds with the Company. This loan was carrying interest of 14.00% p.a. which was subject to revision based on average cost of borrowings of the Holding Company. In view of various adverse factors and the request made to holding company by the Company for waiver of interest, holding company has waived off interest on the unsecured loan granted until there is improvement in the financial position of the Company. Accordingly no interest is levied w.e.f. 1st January, 2014.

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Provisions	As at31st March 2018	As at31st March 2017	As at1st April 2016
Provision for gratuity (Refer Note 39)	13.30	26.46	17.61
Provision for leave benefits (Refer Note 39)	13.41	11.42	24.69
Total	**26.71**	**37.88**	**42.30**

21

Short term borrowing	As at31st March 2018	As at31st March 2017	As at1st April 2016
Secured:			
From bank (Refer note 21.1, 23.6 and 30.1)	72.38	139.13	141.59
Total	**72.38**	**139.13**	**141.59**

21.1 With respect to bank guarantee given by the Bank on behalf of the Company, two parties have invoked bank guarantee for non-payment of lease rent and non-fulfilment of export obligations. Company is in continuing default in repayment of this outstanding loan. The Company has also not accounted for interest liability on the above loan [Also refer note 30.1].

21.2 Details of security provided

Above loan was part of non-fund based limit sanctioned by the ICICI Bank in the earlier years and is secured by (i) first charge on pari passu basis on all movable and immovable fixed assets of the Company both present and future; (ii) exclusive charge by way of hypothecation of the stocks, current assets including book debts, bills receivables both present and future; (iii) Pledge of 30% equity of the Company by the holding company, guaranteed by corporate guarantee of Kamat Hotels (India) Ltd (Holding Co.), Kamats Development Private Limited (a Company in which a director of the Company is a director); and (iv) personal guarantees of Director and relative of director [also ex-Director].

22

Trade payables	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Outstanding dues of micro and small enterprises (Refer note 22.1)	-	-	-
Outstanding dues to other than micro and small enterprises	487.34	359.11	382.91
Total	**487.34**	**359.11**	**382.91**

22.1 Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Based on the information available with the Company, no supplier has communicated their status under the MSMED Act and hence no disclosures are made.

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Other financial liabilities	As at31st March 2018	As at31st March 2017	As at1st April 2016
Current maturities of long term borrowings (Assigned to ARCIL) (Refer Note 23.1,23.2, 23.3 and 23.4)	17,415.31	17,415.31	17,415.31
Interest accrued and due - Bank (Refer Note 23.1, 23.2, 23.3 and 23.4)	1,418.68	1,418.68	1,418.68
Interest accrued and due - Others (Refer note 19.1)	4,198.16	4,198.16	4,198.16
Lease premium payable (Refer Note 23.5 and 31.1)	886.54	626.84	367.14
Creditors for capital expenditure	7.73	76.24	80.73
Security deposit	42.10	42.02	50.13
Total	23,968.60	23,777.26	23,530.16

23.1 Term loan taken from a bank in earlier years became non-performing asset (NPA) in the year 2010. These loans were assigned by the Bank to Asset Reconstruction Company India Limited (ARCIL) vide assignment agreement dated 27th September 2013. ARCIL (jointly with ICICI Bank filed a suit before Debt Recovery Tribunal (DRT) for recovery of their dues and seeking some reliefs, which is pending. The Company had submitted a restructuring proposal to ARCIL, but the same could not be processed for viability reasons. During the current year, the lender i.e. has initiated the process of recovery of its dues by inviting expression of interest for selling the subsidiary company. The offers received are under consideration and negotiations are at advanced stage.

23.2 **Details of security provided**

This loan is secured by (i) first charge on all movable and immovable fixed assets of the Company both present and future; (ii) exclusive charge by way of hypothecation of the stocks, current assets including book debts, bills receivables both present and future; (iii) pledge of 30% equity of the Company held by the holding company; (iv) guaranteed by corporate guarantee of Kamat Hotels (India) Ltd (Holding Co.), Kamats Development Private Limited (a Company in which the director of the Company is a director); and (v) personal guarantees of Director and ex-Director.

23.3 In respect of borrowing from ARCIL [assigned by ICICI Bank in earlier years], outstanding balance as on 31st March 2018 (including interest liability accounted upto 30th September 2013) is subject to confirmation as the lender has initiated recovery proceedings including under SARFAESI Act.

23.4 As stated in note 23.1 above, during the current year, the lender i.e. ARCIL has initiated the process of recovery of its dues by inviting expression of interest for selling the subsidiary company. The offers received are under consideration and negotiations are at advanced stage. In the opinion of the management, based on the offers received, the expected one-time settlement value would be lower than the principal and interest liability already accounted upto 30th September 2013, and hence no further interest liability is required to be accounted for the period 1st October 2013 to 31st March 2018.

23.5 In respect of dispute over lease rent levied by Director of Sports, the Company has accounted for the liability amounting to Rs. 886.54 lakhs as at 31st March 2018 (as at 31st March 2017: Rs. 626.84 lakhs and as at 1st April 2016 Rs. 367.14 lakhs) for the period from 1st November 2014 to 31st March 2018; however, the same has not been paid pending settlement of arbitration proceedings before Bombay High Court and pending matter in the District Court, Pune. Since full provision has been, same is not disclosed as contingent liability.

23.6

Particulars of guarantee jointly given by directors/ relatives and other related parties for loan facilities availed by the Company	As at 31st March 2018	As at 31st March 2017
(i) by a director of the Company and his relative	18,906.38	18,973.13
(ii) by Holding Company	18,906.38	18,973.13
(iii) by a company in which a director of the Company is a director	18,906.38	18,973.13

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Other current liabilities	As at31st March 2018	As at31st March 2017	As at1st April 2016
Advance from customers	201.17	35.19	57.78
Advance club membership	0.04	0.16	2.14
Statutory dues	28.80	36.67	1,006.16
Total	230.01	72.02	1,066.09

25

Provisions	As at31st March 2018	As at31st March 2017	As at1st April 2016
Provision for gratuity (Refer Note 39)	0.29	0.82	0.38
Provision for leave benefits (Refer Note 39)	2.84	1.92	3.81
Total	3.14	2.74	4.19

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26 Revenue from operations	Year ended 31st March 2018	Year ended 31st March 2017
Room rent income	1,645.57	1,236.78
Food and beverages	1,205.53	1,224.34
Hall hire charges- income	127.59	150.62
Other incidental hotel services	43.75	59.48
Sub total(A)	**3,022.44**	**2,671.22**
Other operating income		
- Liabilities and provisions written back	48.09	219.29
- Excess provision of gratuity written back	13.69	-
- Excess provision of leave encashment written back	-	15.16
- License fee	29.56	72.26
- Export incentives	4.39	-
Sub total(B)	**95.73**	**306.71**
Total (A+B)	**3,118.17**	**2,977.93**

27 Other income	Year ended 31st March 2018	Year ended 31st March 2017
Interest earned from financial assets at amortised cost		
- On fixed deposit	10.40	48.51
- Others	4.57	5.05
Gain on foreign exchange (net)	-	0.12
Miscellaneous income	9.23	8.11
Total	**24.20**	**61.79**

28 Cost of materials consumed	Year ended 31st March 2018	Year ended 31st March 2017
Opening Stock	14.85	26.69
Add: Purchases	411.88	324.82
	426.73	**351.51**
Less: Closing Stock	50.70	14.85
Total	**376.04**	**336.66**

29 Employee benefit expenses	Year ended 31st March 2018	Year ended 31st March 2017
Salaries and wages	784.84	544.24
Contribution to provident and other funds	44.43	38.18
Staff welfare expenses	86.54	64.72
Leave benefit (Refer Note 39)	2.92	-
Total	**918.73**	**647.14**

30 Finance costs	Year ended 31st March 2018	Year ended 31st March 2017
Interest expense (Refer Note 23.4 and 30.1)	-	3.01
Other borrowing cost	2.60	-
Total	**2.60**	**3.01**

30.1 In respect of bank guarantee invoked by the bank in earlier years, Company has applied for the waiver of interest liability amounting to Rs. 134.00 lakhs (including for the year ended 31st March 2018 of Rs. 25.59 lakhs) payable on the total amount of bank guarantee invoked by the bank and therefore, the same is not accounted in the books of account.

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31 Other expenses

Other expenses	Year ended 31st March 2018	Year ended 31st March 2017
Operating expenses		
Power and fuel	422.06	416.94
Licence, rates and taxes (Note 31.1 and 31.2)	446.58	516.29
Expenses on apartments and board	88.44	78.55
Sanitation and laundry (net)	31.03	25.89
Repairs to		
- Building	71.85	33.29
- Plant and machinery	150.77	63.86
- Others	22.39	14.47
Replacements of operating supplies	110.70	36.65
Hire charges	66.37	32.31
Management consultancy fees and royalty	96.95	125.87
Water charges	34.72	28.26
Sub total(A)	**1,541.86**	**1,372.37**
Sales and marketing expenses		
Commission	178.83	90.37
Advertisement, publicity and sales promotion	57.70	46.66
Sub total(B)	**236.53**	**137.03**
Administrative and general expenses		
Insurance	16.42	15.76
Travelling and conveyance	4.26	2.05
Printing and stationery	22.60	13.22
Telecommunication expenses	8.40	8.20
Vehicle expenses	12.81	7.32
Legal, professional and consultancy charges	83.25	27.60
Auditors remuneration (Note 31.3)	1.40	0.80
Provision for doubtful debts	65.05	61.26
Loss on sale of fixed assets	103.19	-
Miscellaneous expenses	78.82	20.88
Sub total(C)	**396.20**	**157.09**
Total (A+B+C)	**2,174.59**	**1,666.49**

31.1 In earlier years, the Company has filed a suit in Pune Court requiring reduction in annual lease premium payable to Director of Sports and granting of payment of the said premium in monthly installments instead of advance payment. The Company had also requested for relief from furnishing additional bank guarantee (BG) and restraining the authorities from invoking the existing BGs. Further, the Company had filed a case in the Bombay High Court invoking section 11 of Arbitration and Conciliation Act, 1996 for the dispute on lease premium, bank guarantee, property tax and other matters. Adjustment, if any in the books will be made on disposal of the cases.

31.2 The Pune Municipal Corporation (PMC) has been raising demand for property tax since 2007 in respect of the Company's property at Balewadi, Pune and Company has paid said taxes. PMC had also revised the Annual Ratable Value (ARV) retrospectively from 1st October, 2008 and assessed the Company's Hotel building for property tax purposes. The Company has disputed the said action and demand by filing a Municipal Appeal in appropriate court, which is pending for hearing. In the meantime, during the pendency of the matter, the Company has paid entire dues up to March 2017 under Amnesty Scheme. In respect of current year, amount of Rs. 138.68 lakhs has been paid. Any adjustments of payment already deposited will be made subject to disposal of the case.

31.3 Auditors' remuneration

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Statutory audit fees	1.20	0.70
Tax audit fees	0.20	0.10
Total	**1.40**	**0.80**

Note: Above fees are excluding of goods and service tax (GST) of Rs. 0.25 lakhs (In previous year service tax of Rs. 0.12 lakhs).

32 Exceptional item

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Impairment of leasehold improvement (Refer note 32.1)	21,400.09	-
Total	**21,400.09**	**-**

32.1 In accordance with Ind AS 36 - "Impairment of Assets", management of Company has reviewed the recoverable value in respect to net block of fixed assets as on 31st March 2018. Based on such assessment (including offers received pursuant to action initiated by the lender) provision for impairment loss amounting to Rs. 21,400.09 lakhs (Previous year: Nil) has been recognised during the current year.

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33 Financial instruments - Accounting classifications & fair value measurement

(a) Financial instruments by category

Sr. No.	Particulars	31st March 2018			31st March 2017			1st April 2016		
		Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
A	**Financial assets**									
(i)	Non-current investments	-	-	-	0.11	-	-	0.10	-	-
(ii)	Other non-current financial asset	136.46	-	-	134.05	-	-	140.79	-	-
(iii)	Trade receivables (net)	356.78	-	-	91.18	-	-	158.60	-	-
(iv)	Cash and cash equivalents	139.01	-	-	526.74	-	-	792.96	-	-
(v)	Other current financial assets	643.00	-	-	638.21	-	-	634.46	-	-
	Total financial assets	**1,275.26**	-	-	**1,390.30**	-	-	**1,726.92**	-	-
B	**Financial liabilities**									
(i)	Non-current borrowings	19,646.40	-	-	19,646.40	-	-	19,646.40	-	-
(ii)	Current borrowings	72.38	-	-	139.13	-	-	141.59	-	-
(iii)	Trade payables	487.34	-	-	359.11	-	-	382.91	-	-
(iv)	Other current financial liabilities	23,968.60	-	-	23,777.86	-	-	23,530.16	-	-
	Total financial liabilities	**44,174.71**	-	-	**43,922.50**	-	-	**43,701.06**	-	-

FVTOCI - Fair Value Through Other Comprehensive Income
FVTPL - Fair Value Through Profit or Loss

(b) Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The management assessed that fair value of Trade receivables (net), Cash and cash equivalents, Other current financial assets, Current borrowings and Trade payables, Other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of and Non-current borrowings will be approximate to their carrying amounts.

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(c) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(d) Fair value of instruments measured at amortised cost:

Particulars	Level	31st March 2018		31st March 2017		1st April 2016	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets							
Non-current investments	Level 3	-	-	0.11	0.11	0.10	0.10
Other non-current financial asset	Level 3	136.46	136.46	134.05	134.05	140.79	140.79
Total financial assets		**136.46**	**136.46**	**134.16**	**134.16**	**140.89**	**140.89**
Financial liabilities							
Non-current borrowings	Level 3	19,646.40	19,646.40	19,646.40	19,646.40	19,646.40	19,646.40
Total financial liabilities		**19,646.40**	**19,646.40**	**19,646.40**	**19,646.40**	**19,646.40**	**19,646.40**

Notes:
(i) The above disclosures are given only for non-current financial assets and non-current financial liabilities. Short term financial assets and current financial liabilities (cash and cash equivalents, other receivables, trade payables and other current financial liabilities) represents the best estimate of fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

34 Risk management framework

The Company has exposure to the three risks mainly funding/ liquidity risk, credit risk, market risk. The Company's overall risk management Programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not have any derivative financial instruments. The Board of directors has overall responsibility for the establishment of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and Company's activities.

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(a) Credit Risk :

Credit risk arises from the possibility that customers or counterparty to financial instruments may not be able to meet their obligations. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Credit risks arises from cash and cash equivalents, deposits with banks, financial institutions and others, as well as credit exposures to customers, including outstanding receivables.

The Company considers factors such as track record, size of institutions, market reputation and service standards to select banks with which balances and deposits are maintained. the balances and fixed deposits are generally maintained with the banks with whom the Company has regular transactions. Further, the Company does not maintain significant cash in hand other than those required for its day to day operations. Considering the same, the Company is not exposed to expected credit loss of cash and cash equivalent and bank balances.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before entering into contract. Sale limits are established for each customer, reviewed regularly and any sales exceeding those limits require approval from the appropriate authority. There are no significant concentrations of credit risk within the Company.

(b) Liquidity Risk :

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

(i) Maturities of financial liabilities:

Particulars	Less than 1 year	1 to 5 year	Above 5 years	Total
As at 31st March 2018				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	487.34	-	-	487.34
Other financial liabilities	6,553.28		-	6,553.28
As at 31st March 2017				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	359.11	-	-	359.11
Other financial liabilities	6,362.54	-	-	6,362.54
As at 1st April 2016				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	382.91	-	-	382.91
Other financial liabilities	6,114.84	-	-	6,114.84

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(c) Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage its exposure to foreign currency risk and interest rate risk. All such transactions are carried out within the guidelines set by the risk management committee.

(i) Interest rate risk

The Company has outstanding loan payable to holding company, ARCIL [term loan assigned by ICICI Bank] and bank. With respect to loan from ARCIL and Bank, Company has not provided/ paid any interest on these loans [Refer note 21.1 & 23.4]. With respect to loan from holding company, interest is waived by the Company [Also refer note 19.1]. Considering same, interest rate risk as defined in Ind AS 107 is not quantifiable, since the future cash flows are dependent on settlement procedures and financial position of the Company.

(ii) Foreign Currency Risk

The pre dominant currency of the Company's revenue and operating cash flows is Indian Rupees (INR). Company has earnings in foreign currency, however it has no exposure in foreign currency at the year end. Considering the same, there is no foreign currency risk to the Company.

35 Capital risk management

The Company's objective when managing capital are to (i) Safeguarding their ability to continue as going concern, so that they can continue to provide returns for shareholders benefit and (ii) maintain capital structure to reduce the cost of capital. Capital is fully contributed by the Holding Company 'Kamat Hotels (India) Limited'. The Company manages its capital structure and make adjustments to, in light of changes in economic conditions, and the risk characteristics of underlying assets. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. The Company monitors capital using 'Total Debt' to 'Equity'. The Company's total debt to equity are as follows:

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Total debt	54,477.03	54,477.03	54,477.03
Total capital (total equity shareholder's fund)	(26,746.71)	(3,936.00)	(3,217.28)
Net debt to equity ratio	(2.04)	(13.84)	(16.93)

As stated in note 23.1 Company's borrowings have become non-performing assets and loan was assigned by Bank to ARC. The Company has also offered full co-operation to the lenders on their proposal to find a viable solution to the NPA issue by selling equity stake in the Company to the prospective investors. Consequentaly, the Company has submitted One Time Settlement(OTS) proposal to the lenders, which is pending. In case the proposal is not accepted, the lender may immediately call outstanding loan dues and it may impact on the operation of the Company and impact its ability to continue as going concern.

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36 Capital commitments, other commitments and contingent liabilities

36.1 Capital Commitments

(a) Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advance) Rs. Nil (31st March 2017: Rs. 8.94 lakhs & 1st April 2016: Rs. 2.40 lakhs) (Net of advances)

(b) **Other significant commitments :** Nil (31st March 2017: Nil & 1st April 2016: Nil)

36.2 Contingent liability

(a) Open import licenses Rs. 2.00 lakhs (31st March 2017: Rs. 1,269.74 lakhs & 1st April 2016: Rs.1,214.57 lakhs).

(b) Counter Guarantees issued by the Company to secure Bank Guarantees Rs. 420.30 lakhs (31st March 2017: Rs. 1019.80 lakhs & 1st April 2016: Rs.1,047.33 lakhs).

(c) Claims against the Company (not provided for) in respect of disputed demand by Contractors pending in appropriate courts Rs. Nil (31st March 2017: Rs. Nil & 1st April 2016: Rs. 72.00 lakhs) and disputed claim of additional lease premium of Rs. 225.00 lakhs (31st March 2017: Rs 225.00 lakhs & 1st April 2016: Rs. 225.00 lakhs) by the Director of Sports, Government of Maharashtra.

(d) ARCIL and ICICI Bank have jointly filed an application before Debt Recovery Tribunal in the earlier year claiming recovery of Rs. 25,237.90 lakhs plus further interest which has not been accepted by the Company and the matter is pending before Debt Recovery Tribunal [Also refer note 23.1 and 23.4]. Company has not made interest provision only upto 30th September 2013 pending settlement with lenders.

(e) In respect of bank guarantee invoked by the bank in earlier years, Company has applied for the waiver of interest liability amounting to Rs. 134.00 lakhs (including for the year ended 31st March 2018 of Rs. 25.59 lakhs) payable on the total amount of bank guarantee invoked by the bank and therefore, the same is not accounted in the books of account.

(f) Disputed sales tax demand of Rs. 11.02 lakhs (31st March 2017: Rs. 11.02 lakhs & 1st April 2016: Rs. Nil).

In respect of (a) and (c) above, the Company does not expect any cash outflow. In respect of (d), (e) and (f) above, future cash out flows (including interest / penalty) are determinable on settlement of loan and receipt of judgments by tax authority respectively.

37 Related party transactions

37.1 Name and relationships of related parties:

a. Holding & Ultimate Holding Company :	Kamat Hotels (India) Limited
b. Entity in which directors of the Company has significant influence:	Kamats Development Private Limited
c. Directors / Key management personnel (KMP):	Dr. Vithal V. Kamat Mr. Vikram V. Kamat (Managing Director upto 15-6-2016) Mr. B. C. Kamdar (Managing Director w.e.f. 9-11-2016)
e. Relatives of director	Mr. Vikram V. Kamat

37.2 Transactions with related parties

Nature of transaction	Name of the Party	Year ended 31st March 2018	Year ended 31st March 2017
Management fees and incentive fees - expenses	Kamat Hotels (India) Limited	96.95	125.87
Staff deputation expenses		96.33	-
Deposits received		-	1.00
Deposits repaid		-	1.00
Advances given against services		107.12	-
Reimbursement of expenses (Paid on behalf of Company)		5.24	-

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37.3 Closing balances of related parties:

Nature of transaction	Name of the Party	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Amount payable	Kamat Hotels (India) Limited	-	11.04	86.11
Advances given against services		107.12	-	-
Loan payable		0.20	0.20	0.20
Interest payable		0.06	0.06	0.06
Corporate Guarantee provided by holding company on behalf of the Company.		0.22	0.22	0.22
Corporate guarantee provided by the Company to bankers for credit facility availed by Holding Company.		24,755.00	24,755.00	24,755.00
Corporate guarantee provided on behalf of the Company.	Kamats Development Private Limited	0.22	0.22	0.22
Personal guarantee	Dr. Vithal V. Kamat	21,500.00	21,500.00	21,500.00
Personal guarantee	Mr. Vikram V. Kamat	21,500.00	21,500.00	21,500.00

37.4 Terms and conditions of related party transactions:

Outstanding balances at the year end are unsecured and settlement occurs in cash. All transactions were made on terms equivalent to those that prevail in arm's length transaction if such terms can be substantiated.

38 Earnings/ (loss) per share

Particulars	As at31st March 2018	As at31st March 2017
Basic and diluted earning per share		
Profit / (Loss) attributable to the equity holders of the Company	(22,825.87)	(719.31)
Weighted average number of equity shares	11,764,706	11,764,706
Face value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	(194.02)	(6.11)

39 Employee benefit obligations

(i) Defined contribution plans

The Company has certain defined contribution plans. The obligation of the Company is limited to the amount contributed and it has no further contractual obligation. Following is the details regarding Company's contributions made during the year:

Particulars of defined contribution plan	2017-18	2016-17
Provident fund	12.45	10.36
Pension fund	20.47	18.80
Employees' state insurance (ESIC)	11.44	8.93
Maharashtra labour welfare fund	0.08	0.09
Total	**44.43**	**38.18**

(ii) Defined benefit plans

(a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. As per the policy of the Company, obligations on account of payment of gratuity of an employee is settled only on termination / retirement of the employee. Gratuity is provided in the books on the basis of Actuarial Valuation. It is an unfunded plan.

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

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Interest rate risk	The defined benefit obligation is calculated using a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

For determination of the liability in respect of compensated gratuity, the Company has used following actuarial assumptions:

Particulars	2017-18	2016-17
Discount rate	7.73%	7.32%
Salary escalation	7.00%	7.00%
Attrition rate	5.00%	5.00%
Mortality rate	Indian Assured lives Mortality (2006-	Indian Assured lives Mortality (2006-

Changes in the present value of obligations

Particulars	2017-18	2016-17
Liability at the beginning of the year	27.28	17.99
Interest cost	1.88	1.32
Current service cost	5.55	12.19
Benefits paid	(5.96)	(3.63)
Actuarial (gain)/ loss on obligations	(15.16)	(0.59)
Liability at the end of the year	**13.59**	**27.28**

Table of recognition of actuarial (gain)/ loss

Particulars	2017-18	2016-17
Actuarial (gain)/ loss on obligation for the year	(15.16)	(0.59)
Actuarial (gain)/ loss on assets for the year	-	-
Actuarial (gain)/ loss recognized in Statement of Profit and Loss	**(15.16)**	**(0.59)**

Breakup of actuarial gain/loss:

Particulars	2017-18	2016-17
Actuarial loss/(gain) arising from change in demographic assumption	-	-
Actuarial loss arising from change in financial assumption	(0.71)	2.05
Actuarial loss/(gain) arising from experience	(14.44)	(2.64)
Total	**(15.16)**	**(0.59)**

Amount recognized in the Balance Sheet:	2017-18	2016-17
Liability at the end of the year	13.59	27.28
Fair value of plan assets at the end of the year	-	-
Amount recognized in the Balance Sheet	**13.59**	**27.28**

Expenses recognized in the Income Statement	2017-18	2016-17
Current service cost	5.55	12.19
Interest cost	1.88	1.32
Expected return on plan assets	-	-
Benefits paid	(5.96)	-
Actuarial (gain)/ loss	(15.16)	(0.59)
Expense / (Income) recognized in Statement of Profit and Loss	**(13.69)**	**12.92**

Balance Sheet reconciliation	2017-18	2016-17
Opening net liability	27.28	17.99
Expense recognised in Statement of Profit and Loss	(13.69)	12.92
Amount recognized in the Balance Sheet	**13.59**	**30.91**
Non-current portion of defined benefit obligation	13.30	26.46
Current portion of defined benefit obligation	0.29	0.82

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Sensitivity analysis

Particulars	2017-18	2016-17	2015-16
a)Impact of change in discount rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	12.06	24.25	15.97
b) Impact due to decrease of 1%	15.43	30.90	20.42
b)Impact of change in salary growth			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	15.37	30.77	20.34
b) Impact due to decrease of 1%	12.08	24.31	16.00
c)Impact of change in attrition rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	13.38	26.94	17.80
b) Impact due to decrease of 1%	13.80	27.63	18.18
d)Impact of change in mortality rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 10%	13.59	27.28	17.99

Maturity profile of defined benefit obligation

Particulars	2017-18	2016-17
Weighted average duration of the defined benefit obligation	15.36	15.16
Projected benefit obligation	14	31
Accumulated benefit obligation	6.64	13.53

Gratuity liability payout analysis

Particulars	As at 31st March 2018	As at 31st March 2017
1st year	0.31	0.29
2nd year	0.32	0.28
3rd year	0.67	0.54
4th year	0.69	0.52
5th year	0.29	0.02
Next 5 year payout (6-10 year)	2.61	1.52
Payout above 10 year	40.72	10.23

(b) Leave benefit

As per the policy of the Company, obligations on account of encashment of accumulated leave of an employee is settled only on termination / retirement of the employee. Such liability is recognised on the basis of actuarial valuation following Project Unit Credit Method. It is an unfunded plan.

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Interest rate risk	The defined benefit obligation is calculated using a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

For determination of the liability in respect of compensated absences, the Company has used following actuarial assumptions:

Particulars	2017-18	2016-17
Discount Rate	7.73%	7.32%
Salary escalation	7.00%	7.00%
Attrition Rate	5.00%	5.00%
Mortality Rate	Indian Assured lives Mortality (2006-08)	Indian Assured lives Mortality (2006-08)

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Changes in the present value of obligations:

Particulars	2017-18	2016-17
Liability at the beginning of the year	13.34	28.50
Interest cost	1.03	2.09
Current service cost	9.84	9.09
Benefits paid	-	-
Actuarial (gain)/loss on obligations	(7.96)	(26.33)
Liability at the end of the year	**16.26**	**13.34**

Table of recognition of actuarial gain / loss :

Particulars	2017-18	2016-17
Actuarial (Gain)/Loss on obligation for the year	(7.96)	(26.33)
Actuarial (Gain)/Loss on assets for the year	-	-
Actuarial (Gain)/Loss recognized in Statement of Profit and Loss	**(7.96)**	**(26.33)**

Breakup of actuarial gain/loss:

Particulars	2017-18	2016-17
Actuarial loss/(gain) arising from change in demographic assumption	-	-
Actuarial loss arising from change in financial assumption	(1.00)	1.65
Actuarial loss/(gain) arising from experience	(6.96)	(27.98)
Total	**(7.96)**	**(26.33)**

Amount recognized in the Balance Sheet:

Particulars	2017-18	2016-17
Liability at the end of the year	16.26	13.34
Fair value of plan assets at the end of the year	-	-
Amount Recognized in the Balance Sheet	**16.26**	**13.34**

Expenses recognized in the Statement of Profit and Loss:

Particulars	2017-18	2016-17
Current service cost	9.84	9.09
Interest cost	1.03	2.09
Expected return on plan assets	-	-
Benefits paid	-	-
Actuarial (gain)/ loss	(7.96)	(26.33)
Expense recognized in Statement of Profit and Loss	**2.92**	**(15.16)**

Balance Sheet reconciliation

Particulars	2017-18	2016-17
Opening net liability	13.34	28.50
Expense recognised in Statement of Profit and Loss	2.92	(15.16)
Amount Recognized in Balance Sheet	**16.26**	**13.34**
Non-current portion of defined benefit obligation	13.41	11.42
Current portion of defined benefit obligation	2.84	1.92

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Sensitivity analysis

Particulars	2017-18	2016-17	2015-16
a)Impact of change in discount rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	43.53	11.93	25.68
b) Impact due to decrease of 1%	50.91	15.04	31.89
b)Impact of change in salary growth			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	48.40	13.85	29.55
b) Impact due to decrease of 1%	45.53	12.85	27.48
c)Impact of change in attrition rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 1%	46.40	13.34	28.68
b) Impact due to decrease of 1%	47.57	13.35	28.30
d)Impact of change in mortality rate			
Present value of obligation at the end of the year			
a) Impact due to increase of 10%	46.94	13.34	28.51

Maturity profile of defined benefit obligation

Particulars	2017-18	2016-17
Weighted average duration of the defined benefit obligation	15.36	15.16
Projected benefit obligation	16.26	13.34

Gratuity liability payout analysis

Particulars	2017-18	2016-17
1st year	0.91	0.84
2nd year	0.92	0.79
3rd year	1.15	0.92
4th year	1.18	0.87
5th year	0.94	0.65
Next 5 year payout (6-10 year)	5.84	3.22
Payout above 10 year	40.65	8.96

40 Leased assets

The Company has taken land from Balewadi Sports Club under Build, Operate and Transfer arrangement for a period of 60 years for construction of hotel property. This is non-cancellable operating lease. Lease premium are payable on yearly basis.

Lease premium are payable on yearly basis as per the lease premium schedule mentioned in Concession Agreement. Disclosures as required under Ind AS 17 - 'Leases' are as given below:

Particulars	31st March 2018	31st March 2017	1st April 2016
Rent expenses recognised during the year	259.70	259.70	259.70
Payable not later than one year	259.70	259.70	259.70
Later than one year but not later than five years	1,298.50	1,298.50	1,298.50
Later than five years	11,426.80	11,686.50	11,946.20

(Also refer note 23.5 and 31.1)

41 Note on Cash Flow Statement

(i) Aggregate amount of outflow in account of direct taxes paid is Rs. 27.89 lakhs (net inflow in previous year on account of refund received is Rs. 60.51 lakhs) .

(ii) Changes in financing liabilities arising from cash and non-cash changes:

Particulars	1st April 2017	Cash flow	Non-cash changes	31st March 2018
Borrowings from Bank/ others	17,554.45	(66.75)	-	17,487.69
Total	**17,554.45**	**(66.75)**	-	**17,487.69**

42 The Company has incurred net loss during the year, its net worth is fully eroded as of that date and its current liabilities are more than its current assets as on 31st March 2018. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in note 23.4 and 30.1. The lender of the Company has also initiated the process of recovery of its dues by inviting expression of interest for selling the Company. The offers received are under consideration and negotiations are at advanced stage. Management is expecting to settle the loan amicably with the lender. In view of the above, limited support available from the holding company due to financial constraints and considering provision for impairment of fixed assets made during the year, in the opinion of the management, financial statements are prepared on going concern basis.

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43 Disclosures as required by Indian Accounting Standard (Ind AS) 108 - Operating Segments

There are no reportable segments under Ind AS-108 'Operating Segments' as the Company is operating only in the hospitality service segment, therefore, disclosures of segment wise information is not applicable. Further, no single customer represents 10% or more of the Companies total revenue during the year ended 31st March 2018 and 31st March 2017.

44 Foreign currency exposure outstanding as on 31st March 2018: Nil (31st March 2017: Nil & 1st April 2016: Nil). There are no outstanding derivative contracts as on 31st March 2018 (31st March 2017: Nil & 1st April 2016: Nil).

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45 Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards

Transition to Ind AS

(a) Basis of preparation

These are the Company's first financial statements prepared in accordance with Ind AS. For the periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2016 being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March 2017 to Ind AS.

(b) Exemption availed

"Ind AS 101 - First-time adoption of Indian Accounting Standards" allows first time adopters certain exemptions from the retrospective application of certain Ind AS. The Company has applied the following optional exemption:

(i) Deemed cost of property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous Indian GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous Indian GAAP carrying value.

(c) Estimates

The estimates at 1st April 2016 and at 31st March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) except in respect of impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present impairment of financial assets based on the expected credit loss model is in accordance with Ind AS which reflect conditions as at 1st April 2016, the date of transition to Ind AS and as of 31st March 2017.

(d) Reconciliation between previous India GAAP and Ind AS

Ind AS 101 requires the Company to reconcile the effects of the transition from Indian GAAP to Ind AS on the equity as at 1st April 2016 and 31st March 2017 and on the total comprehensive loss and cash flows for the year ended 31st March 2017:

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(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

(i) Reconciliation of equity as on 1st April 2016 (i.e. date of transition to Ind AS)*

	Reference	Indian GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
a) Property, plant and equipment	45 (e) (i)	39,552.74	29.93	39,582.67
b) Intangible assets	45 (e) (i)	3.18	0.03	3.20
c) Capital work-in-progress			-	
d) Financial assets			-	
i) Investments		0.10	-	0.10
ii) Loans		140.79	-	140.79
e) Deferred tax assets (Net)			-	
f) Income tax assets (Net)		130.00	-	130.00
(A)		39,826.81	29.95	39,856.76
Current assets				
a) Inventories		99.00	-	99.00
b) Financial assets				
i) Trade receivables		158.60	-	158.60
ii) Cash and bank balances		792.96	-	792.96
iii) Other current financial assets		634.46	-	634.46
c) Other current assets		54.58	-	54.58
(B)		1,739.60	-	1,739.60
TOTAL (A + B)		41,566.41	29.95	41,596.36
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		1,176	-	1,176
b) Other equity	45 (e) (i)	(4,424)	29.95	(4,394)
(A)		(3,247)	29.95	(3,217)
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings		19,646.40	-	19,646.40
b) Provisions		42.30	-	42.30
(B)		19,688.70	-	19,688.70
Current liabilities				
a) Financial liabilities				
i) Short term borrowings		141.59	-	141.59
ii) Trade payables				
- Amount due to Micro and small enterprises			-	-
- Amount due to other than Micro and small enterprises		382.91	-	382.91
iii) Other financial liabilities		23,530.16	-	23,530.16
b) Other current liabilities		1,066.09	-	1,066.09
c) Provisions		4.19	-	4.19
(C)		25,124.94	-	25,124.94
TOTAL (A+B+C)		41,566.41	29.95	41,596.36

* The previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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(ii) Reconciliation of equity as on 31st March 2017*

	Reference	Indian GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
a) Property, plant and equipment	45 (e) (i)	38,616.84	(119.46)	38,497.38
b) Intangible assets	45 (e) (i)	2.83	(0.04)	2.79
c) Capital work-in-progress		0.90	-	0.90
d) Financial assets				
i) Investments		0.11	-	0.11
ii) Loans		134.03	0.02	134.05
e) Deferred tax assets (Net)		-	-	-
f) Income tax assets (Net)		69.50	-	69.50
(A)		38,824.21	(119.49)	38,704.73
Current assets				
a) Inventories		70.20	-	70.20
b) Financial assets				
i) Trade receivables		91.18	-	91.18
ii) Cash and bank balances		526.74	-	526.74
iii) Other current financial assets		635.97	2.25	638.22
c) Other current assets		70.33	(2.25)	68.07
(B)		1,394.42	-	1,394.41
TOTAL (A + B)		40,218.63	(119.49)	40,099.14
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		1,176.47	-	1,176.47
b) Other equity	45 (e) (i)	(5,039.48)	(73.00)	(5,112.47)
(A)		(3,863.01)	(73.00)	(3,936.00)
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings		19,646.40	-	19,646.40
b) Provisions	45 (e) (i)	80.18	(42.30)	37.88
(B)		19,726.58	(42.30)	19,684.28
Current liabilities				
a) Financial liabilities				
i) Short term borrowings		139.13	-	139.13
ii) Trade payables				
- Amount due to Micro and small enterprises		-	-	-
- Amount due to other than Micro and small enterprises		359.11	-	359.11
iii) Other financial liabilities		23,777.86	-	23,777.86
b) Other current liabilities		72.02	-	72.02
c) Provisions	45 (e) (i)	6.93	(4.19)	2.74
(C)		24,355.05	(4.19)	24,350.86
TOTAL (A+B+C)		40,218.63	(119.49)	40,099.14

* The previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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Orchid Hotels Pune Private Limited
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Notes to financial statements for the year ended 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

(iii) Reconciliation of Statement of profit and loss for the year ended 31st March 2017

	Reference	Indian GAAP	Adjustments	Ind AS
Income				
Revenue from operations		2,977.93	-	2,977.93
Other income	45 (e) (i)	56.50	5.28	61.79
Total income (A)		**3,034.43**	**5.28**	**3,039.71**
Expenses				
Cost of materials consumed		336.66	-	336.66
Employee benefit expenses	45 (e) (i)	688.35	(41.21)	647.14
Finance costs		3.01	-	3.01
Depreciation and amortisation	45 (e) (i)	956.28	149.46	1,105.74
Other expenses		1,666.49	-	1,666.49
Total expenses (B)		**3,650.80**	**108.25**	**3,759.05**
Profit/(loss) before exceptional items and tax (A - B) (C)		**(616.36)**	**(102.97)**	**(719.33)**
Tax expense:				
- Current tax		-	-	-
- Deferred tax charge/ (credit)		-	-	-
- Deferred tax		-	-	-
		-	-	-
(Loss) after tax (D - E)(F)		**(616.36)**	**(102.97)**	**(719.33)**
Other comprehensive income / (loss)				
a. (i) Items that will not be classified to profit or loss				
- Remeasurement of defined benefit plans - Gain/(loss)		0.59		0.59
(ii) Income tax relating to items that will not be classified to profit or loss		-	-	-
b. (i) Items that will be classified to profit or loss		-	-	-
(ii) Income tax relating to items that will be classified to profit or loss		-	-	-
Other comprehensive income/ (loss) for the year (G)		**0.59**	**-**	**0.59**
Total comprehensive income/ (loss) for the year (F + G)		**(615.78)**	**(102.97)**	**(718.74)**

(iv) Equity reconciliation

Particulars	**Reference**	**As at 31st March 2017**	**As at 1st April 2016**
Total equity (shareholder's fund) as per Indian GAAP		**(3,863.00)**	**(3,247.23)**
Adjustments:			
a) Prior period error - Excess provision of employee benefit expenses	45 (e) (i)	46.49	-
b) Excess depreciation written back	45 (e) (i)	(119.51)	29.95
Total equity (shareholder's fund) as per Ind AS		**(3,936.02)**	**(3,217.28)**

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Notes to financial statements for the year ended 31st March 2018
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

(v) Reconciliation of total comprehensive income for the year ended 31st March 2017

Particulars	Roforonce	Year ended 31st March 2017
Loss after tax as per Indian GAAP		**(615.78)**
a) Prior period error - Excess provision of employee benefit expenses	45 (e) (i)	46.49
b) Excess depreciation written back	45 (e) (i)	(149.46)
Total comprehensive loss as per Ind AS		**(718.74)**

Impact of Ind AS on statement of cash flows for the year ended 31st March 2017

Particulars	Reference	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	45 (e) (ii)	(281.86)	9.56	(272.31)
Net cash flow (used in) investing activities	45 (e) (ii)	288.85	(249.80)	39.05
Net cash flow (used in) financing activities		(5.47)	-	(5.47)
Net Increase / (Decrease) in Cash and Cash equivalents	45 (e) (ii)	1.51	(240.24)	(238.73)

(e) Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS:

(i) Rectification of errors made in previous GAAP -
- Short depreciation provided in earlier years, adjusted in opening equity and financial year 2016-17.
- Excess provision of employee benefits in the year 2016-2017, adjusted in the financial year 2016-17.

(ii) The impact of transition from Indian GAAP to Ind AS on the Statement of Cash Flows is due to various reclassification adjustments recorded under Ind AS in Balance Sheet, Statement of Profit and Loss and difference in the definition of cash and cash equivalents as per these two GAAP's.

(iii) Other comprehensive income is considered and presented as per schedule III of Companies Act, 2013.

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

M. O. Mody

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Milan Mody
Partner
Membership No. : 103286

Place: Mumbai
Date: 23rd May 2018

For and on behalf of the Board of Directors of Orchid Hotels Pune Private Limited

B.C. Kamdar

B.C.Kamdar
Managing Director
DIN: 01972386

Dinkar D. Jadhav
Director
DIN: 01809881

Shruti Srivastava
Company Secretary

Place: Mumbai
Date: 23rd May 2018