

31st March, 2019

**ORCHID HOTELS PUNE PRIVATE  
LIMITED**

**REGD. OFFICE: KHIL HOUSE, 70-C, NEHRU ROAD, VILE PARLE (EAST), MUMBAI 400 099**

**12<sup>th</sup> ANNUAL REPORT**

**STATEMENT OF AUDITED ACCOUNTS**

**FOR THE YEAR ENDED**

***31<sup>ST</sup> MARCH 2019***

**AUDITORS :**  
**M/S N.A. SHAH ASSOCIATES LLP**  
**Chartered Accountants**

Independent Auditors' Report

To,  
The Members of  
Orchid Hotels Pune Private Limited

**Report on the financial statement**

**Qualified opinion**

We have audited the financial statements of **Orchid Hotels Pune Private Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March 2019, and loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for qualified opinion**

Reference is invited to note 23.4 of notes to the financial statements. As against the lender's (International Asset Reconstruction Private Limited ('IARC')) claim upto 24<sup>th</sup> December 2018 of Rs.42,110.91 lakhs, the liability as per the books is only Rs. 18,833.99 lakhs (this amount includes interest liability accounted in books upto 30<sup>th</sup> September 2013). IARC has acquired the loans on assignment from Asset Reconstruction Company India Limited ('ARCIL') at a consideration of Rs.13,500 lakhs. Interest has not been provided from 1<sup>st</sup> October 2013 till 31<sup>st</sup> March 2019. In our opinion, the same is not in compliance with Ind AS 23- Borrowing Cost. In the opinion of the management, no further liability for interest is required to be accounted considering the proposal for amicable resolution of the settlement of the loan (including interest) is under process and management's expectation that settlement amount would not be higher than the amounts already recorded in the books. Further, the change in claim by the lender from 25<sup>th</sup> December till 31<sup>st</sup> March 2019 has not been considered above.

Had the provision been made based on the claim made by the lender, borrowing cost and the negative net worth as at 31<sup>st</sup> March 2019 would increase by the amount of difference in liability as stated above plus the interest from 25<sup>th</sup> December 2018 upto 31<sup>st</sup> March 2019, both of which have not been provided as per management view mentioned above.

The qualified opinion given above was also reported in our independent audit report for financial year 2017-2018 dated 23<sup>rd</sup> May 2018.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



**N. A. SHAH ASSOCIATES LLP**  
Chartered Accountants  
**Independent Auditors' Report (Contd.)**

**Material uncertainty related to going concern**

Reference is invited to Note 42 of financial statements regarding preparation of financial statements on going concern basis. The Company has incurred losses during the year and previous financial years and its net worth is fully eroded and its current liabilities are more than its current assets as on 31<sup>st</sup> March 2019. Further, there is default in repayment of loan & interest. 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 property, plant and equipment made in the previous 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, the 'Material uncertainty related to going concern' para given above was also reported in our independent audit report for financial year 2017-2018 dated 23<sup>rd</sup> May 2018.

**Emphasis of matter**

Attention is invited to note 23.5 of the notes to 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. 1,146.24 lakhs for the period from 1<sup>st</sup> November 2014 to 31<sup>st</sup> March 2019; however, the same has not been paid. As per the management interest/penalty if any, will be accounted in the year in which dispute is resolved.

Our opinion is not modified in respect of above matters. Further, the 'Emphasis of Matter' given above was also reported in our independent audit report for financial year 2017-2018 dated 23<sup>rd</sup> May 2018.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis of Qualified Opinion', 'Material Uncertainty Related to Going Concern' and 'Emphasis of Matter' section above, we have determined the matters described below to be the key audit matters to be communicated in our report:

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><i>Corporate guarantee given on behalf of holding company - accounting treatment</i></p> <p>We refer to note 2.4(vii) of notes to financial statement. The Company has given corporate guarantee on behalf of holding company aggregating to Rs. 24,755.00 lakhs towards loan facilities taken from banks/others by holding company. Holding Company has also given guarantee towards loan taken by the Company.</p>	<p>This matter is discussed with the management. We have relied on the explanations given by the management that holding company is taking appropriate steps to ensure that there are no defaults in repayments of loan from banks/ other lenders. Hence, management is not expecting any obligation required to be accounted out of the financial guarantee given by the Company. Same has been disclosed in the financial statements as contingent liability.</p>



**Independent Auditors' Report (Contd.)**

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><i>Provision for impairment of property, plant and equipment</i></p> <p>We refer to note 32.1 of notes to financial statement. The Company had provided for impairment loss on leasehold building amounting to Rs. 21,400.09 lakhs in previous year and there is net block of property, plant and equipment at the year end of Rs. 15,718.49 lakhs. Though there is improvement in business operations during the year, the Company has incurred losses during the year (without considering the effect of qualification as mentioned in para of 'Basis of Qualified Opinion' above). This situation indicate that there may be further impairment losses.</p>	<p>We assessed the appropriateness of the carrying value of the tangible assets by performing the following audit procedures:</p> <ul style="list-style-type: none"> <li>- Assessed the valuation methodology used by management and tested the mechanical accuracy of the impairment models;</li> <li>- Evaluated the reasonableness of the valuation assumptions, such as discount rates, used by management through reference to external market data;</li> <li>- Verified the appropriateness of the business assumptions used by the management, such as revenue growth, profit margin, occupancy level.</li> <li>- Considered whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures.</li> </ul> <p>We are satisfied that management's tangible impairments estimates are reasonable in accordance with Ind AS and no further provision for impairment of property, plant and equipment is required to be made.</p>
<p><i>Disputed lease rent payable</i></p> <p>Refer 'Emphasis of Matter' para given above.</p>	<p>We have verified the status update of the legal case pending with Hon'ble High Court of Bombay and District Court. Also obtained management explanation for the status of legal dispute. We have drawn reference of the matter under 'Emphasis of Matter' para above.</p>

**Information other than the financial statements and auditor's report thereon**

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report comprises of the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

**Independent Auditors' Report (Contd.)**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**Independent Auditors' Report (Contd.)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 for the matters described in the Basis of 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 of the effects of the matters described in the Basis of 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, Statement of Changes in Equity and the Cash Flow Statement 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 of Qualified Opinion paragraph above which is not in accordance with Ind AS 23 – Borrowing Cost, in our opinion, the financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.
  - e) The matters described in 'Basis for Qualified Opinion', 'Emphasis of matter' and 'Material Uncertainty related to Going Concern' paragraph above, in our opinion, may have an adverse impact on the functioning of the Company.



**Independent Auditors' Report (Contd.)**

- f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March 2019, 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) During the year, there is no managerial remuneration. Hence, reporting under section 197(16) of the Act is not applicable.
- i) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- j) 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 23.1, 23.5, 31.1, 31.2, 36.2(c), 36.2(d) and 36.2(e).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For N. A. Shah Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116560WW100149

*M. V. Mody*

**Milan Mody**  
Partner  
Membership No.: 103286



Place: Mumbai  
Date: 27<sup>th</sup> May 2019

**Orchid Hotels Pune Private Limited**

Annexure A to Independent Auditors' Report for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019  
[Referred to in paragraph 1 of 'Report on 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, including quantitative details and situation of 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 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.
- 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 the directors which attracts the provision 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 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 provident fund, employees' state insurance, income tax, 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 minor delays in payment of goods and service tax (GST) and tax deducted at source. There are no undisputed amounts





**Orchid Hotels Pune Private Limited**

Annexure A to Independent Auditors' Report for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 [Referred to in paragraph 1 of 'Report on other legal and regulatory requirements' of our report of even date]

payable in respect of statutory dues outstanding as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they become payable.

- (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, 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 (Rs. In lakhs)	Nature of the dues	Financial Year to which matter pertains	Forum where dispute is pending
Maharashtra Value Added Tax Act 2002	11.02	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:

Sr. No.	Name of the lender	Amount of default (Rs. In lakhs)	Period of delay	Remarks
1	International Asset Reconstruction Company*	17,415.31	2100 days	Principal
		1,418.68**	2162 days	Interest

\*Outstanding term loan and interest assigned by ICICI Bank to Asset Reconstruction Company India Limited (ARCIL) in earlier years. During the year, this ARCIL has assigned this loan to International Asset Reconstruction Company (IARC).

\*\*Excluding liability not provided in the books of account [Also refer note 23.4].

The Company has not borrowed any money from the financial institution, Government or by way 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 of 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 financial statements as required under Ind AS 24, Related Party Disclosure specified under section 133 of the Act [Also refer note 37 of financial statements], read with Rule 7 of the Companies (Accounts) Rules 2014. Section 177 of the Act is not applicable to the Company.



**Orchid Hotels Pune Private Limited**

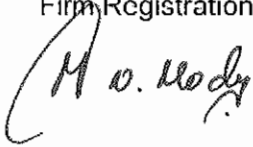
Annexure A to Independent Auditors' Report for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019  
[Referred to in paragraph 1 of 'Report on other legal and regulatory requirements 'of our report of even date]

- 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.
- 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



**Milan Mody**

Partner

Membership No. 103286

Place: Mumbai

Date: 27<sup>th</sup> May 2019

**Orchid Hotels Pune Private Limited**

Annexure B to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2019  
[Referred to in paragraph 2 (g) under the heading "Report on other legal and regulatory requirements" of our report of even date]

**Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ('the Act')**

**Opinion**

We have audited the internal financial controls over financial reporting of **Orchid Hotels Pune Private Limited** ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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 31<sup>st</sup> March 2019, 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.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls over Financial Reporting**

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 financial statements, whether due to fraud or error.

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



**Orchid Hotels Pune Private Limited**

Annexure B to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2019  
[Referred to in paragraph 2 (g) under the heading "Report on other legal and regulatory requirements" of our report of even date]

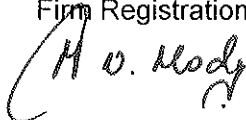
**Meaning of Internal Financial Controls over Financial Reporting**

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 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 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 financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**For N. A. Shah Associates LLP**  
Chartered Accountants  
Firm Registration No.116560WW100149



**Milan Mody**  
Partner  
Membership No. 103286



Place: Mumbai  
Date:27<sup>th</sup> May 2019

## Orchid Hotels Pune Private Limited

CIN: U55101MH2007PTC170188

Balance Sheet as at 31st March 2019

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

Particulars	Note no.	As at 31st March 2019	As at 31st March 2018
<b>ASSETS</b>			
<b>A Non-current assets</b>			
a) Property, plant and equipment	5	15,718.49	16,000.00
b) Intangible assets	6	7.90	2.39
c) Capital work-in-progress	7	-	-
d) Financial assets			
i) Loans	8	79.35	136.46
e) Deferred tax assets (Net)	9	-	-
f) Income tax assets (Net)	10	98.36	97.38
g) Other non-current assets	11	18.79	-
	(A)	<u>15,922.89</u>	<u>16,236.23</u>
<b>B Current assets</b>			
a) Inventories	12	68.01	72.30
b) Financial assets			
i) Trade receivables	13	171.56	356.78
ii) Cash and bank balances	14	485.08	139.01
iii) Other current financial assets	15	8.09	638.62
c) Other current assets	16	208.25	244.93
	(B)	<u>940.99</u>	<u>1,451.64</u>
<b>TOTAL (A + B)</b>		<u>16,863.88</u>	<u>17,687.87</u>
<b>EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
a) Equity share capital	17	1,176.47	1,176.47
b) Other equity	18	(28,801.51)	(27,923.18)
	(A)	<u>(27,625.04)</u>	<u>(26,746.71)</u>
<b>Liabilities</b>			
<b>B Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	19	19,646.40	19,646.40
b) Provisions	20	66.29	26.71
	(B)	<u>19,712.69</u>	<u>19,673.11</u>
<b>C Current liabilities</b>			
a) Financial liabilities			
i) Short term borrowings	21	-	72.38
ii) Trade payables			
- Amount due to Micro and small enterprises		26.98	-
- Amount due to other than Micro and small enterprises	22	182.04	421.01
iii) Other financial liabilities	23	24,382.96	24,034.93
b) Other current liabilities	24	178.54	230.01
c) Provisions	25	5.71	3.14
	(C)	<u>24,776.23</u>	<u>24,761.47</u>
<b>TOTAL (A+B+C)</b>		<u>16,863.88</u>	<u>17,687.87</u>

Significant accounting policies and notes to financial statements

1 to 44

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. V. Mody*  
Milan Mody  
Partner  
Membership No. : 103286

Place: Mumbai  
Date: 27th May 2019



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

*Surendar Thiagarajan*  
Surendar Thiagarajan  
Chief financial officer

Place: Mumbai  
Date: 27th May 2019

*R. P. Sarang*  
Ramnath P. Sarang  
Director  
DIN: 02544807

*Vaibhav Kadam*  
Vaibhav Kadam  
Company secretary

## Orchid Hotels Pune Private Limited

CIN: U55101MH2007PTC170188

## Statement of profit and loss for the year ended 31st March, 2019

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

Particulars	Note no.	Year ended 31st March 2019	Year ended 31st March 2018
<b>A Income</b>			
Revenue from operations	26	4,549.18	3,125.60
Other income	27	30.09	24.20
<b>Total income (A)</b>		<b>4,579.27</b>	<b>3,149.80</b>
<b>B Expenses</b>			
Cost of food and beverages consumed	28	500.43	376.03
Employee benefit expenses	29	1,108.18	926.16
Finance costs	30	1.75	2.60
Depreciation and amortisation	5 & 6	719.62	1,096.19
Other expenses	31	2,491.59	2,174.59
<b>Total expenses (B)</b>		<b>4,821.57</b>	<b>4,575.57</b>
<b>C (Loss) before exceptional items and tax (A - B) (C)</b>		<b>(242.30)</b>	<b>(1,425.77)</b>
Exceptional item - Income / (Expense)	32	(634.44)	(21,400.09)
<b>D (Loss) before tax (D)</b>		<b>(876.74)</b>	<b>(22,825.86)</b>
<b>E Tax expense:</b>			
- Current tax	9	-	-
- Deferred tax charge/ (credit)		-	-
<b>Total tax expense (E)</b>		<b>-</b>	<b>-</b>
<b>F (Loss) after tax (D - E) (F)</b>		<b>(876.74)</b>	<b>(22,825.86)</b>
<b>G Other comprehensive income / (loss)</b>			
a. (i) Items that will not be classified to profit or loss			
- Remeasurement of defined benefit plans - Gain/(loss)		(1.59)	15.16
(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		-	-
<b>Other comprehensive income/ (loss) for the year (G)</b>		<b>(1.59)</b>	<b>15.16</b>
<b>H Total comprehensive (loss) for the year (F + G)</b>		<b>(878.33)</b>	<b>(22,810.70)</b>
<b>Basic and diluted earnings/ (loss) per share</b>	38	<b>(7.45)</b>	<b>(194.02)</b>
Equity shares [Face value of Rs. 10 each]			
<b>Significant accounting policies and notes to financial statements</b>	1 to 44		

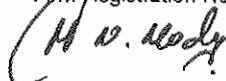
The notes referred to above form an integral part of the Financial Statements

As per our audit report of even date

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No. 116560W / W100149



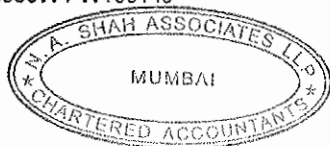
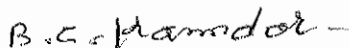
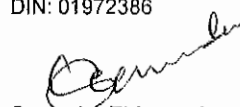
Milan Mody

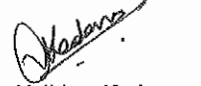
Partner

Membership No. : 103286

Place: Mumbai

Date: 27th May 2019

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

B.C. Kamdar  
Managing Director  
DIN: 01972386
  
Surendar Thiagarajan  
Chief financial officerPlace: Mumbai  
Date: 27th May 2019

Ramnath P. Sarang  
Director  
DIN: 02544807
  
Vaibhav Kadam  
Company secretary

**Orchid Hotels Pune Private Limited**

CIN: U55101MH2007PTC170188

**Statement of changes in equity for the year ended 31st March 2019**

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

**(a) Equity share capital**

Particulars	As at 31st March 2019	As at 31st March 2018
Opening balance	1,176.47	1,176.47
Changes in equity share capital during the year	-	-
<b>Closing balance</b>	<b>1,176.47</b>	<b>1,176.47</b>

(Also refer note 17)

**(b) Other equity**

Particulars	Reserves & surplus		OCI*	Total other equity
	Securities Premium	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at 1st April, 2017	6,379.62	(11,492.68)	0.59	(5,112.47)
(Loss) for the year 2017-2018	-	(22,825.87)	-	(22,825.87)
Other comprehensive income/ (loss) for the year 2017-2018	-	-	15.16	15.16
<b>Balance as at 31st March 2018</b>	<b>6,379.62</b>	<b>(34,318.55)</b>	<b>15.75</b>	<b>(27,923.18)</b>
(Loss) for the year 2018-2019	-	(876.74)	-	(876.74)
Other comprehensive income/ (loss) for the year 2018-2019	-	-	(1.59)	(1.59)
<b>Balance as at 31st March 2019</b>	<b>6,379.62</b>	<b>(35,195.29)</b>	<b>14.16</b>	<b>(28,801.51)</b>

(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. V. Mody*

Milan Mody

Partner

Membership No. : 103286



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

*Ramnath P. Sarang*

Ramnath P. Sarang  
Director  
DIN: 02544807

*Surendar Thiagarajan*

Surendar Thiagarajan  
Chief financial officer

*Valbhav Kadam*

Valbhav Kadam  
Company secretary

Place: Mumbai

Date: 27th May 2019

Place: Mumbai

Date: 27th May 2019

Orchid Hotels Pune Private Limited  
CIN: U55101MH2007PTC170188  
Cash Flow Statement for the year ended 31st March, 2019  
(Amount in rupees in lakhs, except share and per share data, unless otherwise stated)

Particulars	Note	Year ended 31st March 2019	Year ended 31st March 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/(loss) before taxation and other comprehensive income		(876.74)	(22,825.86)
<b>Adjustments for:</b>			
Finance cost		1.75	2.60
Interest income		(15.01)	(14.97)
Depreciation and amortisation		719.62	1,096.19
Investment written off		-	0.11
Provision for impairment of property, plant and equipment (Exceptional item)		-	21,400.09
Capital advances written off (Exceptional item)		634.44	-
Allowances for expected credit losses		25.70	65.05
Bad debts and advances written off		139.37	-
Loss on sale of property, plant and equipment		-	103.19
<b>Operating profit / (loss) before working capital changes</b>		<b>629.12</b>	<b>(173.60)</b>
Movements in working capital : [Including Current and Non-current]			
(Increase) / decrease in loans, trade receivable and other assets		51.59	(503.03)
(Increase) / decrease in inventories		4.29	(2.10)
Increase / (decrease) in trade payable, other liabilities and provisions		126.05	549.86
<b>Cash generated/used from operations before tax</b>		<b>811.05</b>	<b>(128.87)</b>
Adjustment for:			
Direct taxes - Refund received/ (taxes paid) (Tax deducted at source)		(0.67)	(26.39)
<b>Net cash generated/(used) in operating activities .....(A)</b>		<b>810.38</b>	<b>(155.26)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment and intangible asset (Including capital work in progress and capital advances)		(463.61)	(182.31)
Sale of property, plant and equipment		-	13.01
Interest income		14.43	13.12
(Increase)/decrease in bank balance [Current and non-current] (other than cash and cash equivalent)		59.47	(4.50)
<b>Cash generated/(used) from investing activities before tax</b>		<b>(389.71)</b>	<b>(160.68)</b>
Adjustment for:			
Direct taxes - Refund received/ (taxes paid) (Tax deducted at source)	41(i)	(0.30)	(1.50)
<b>Net cash generated/(used) in investing activities .....(B)</b>		<b>(390.01)</b>	<b>(162.18)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from short term borrowings		-	45.00
Temporary repayment of long term borrowing		(430.00)	-
Temporary repayment, received back		430.00	-
Repayment of short term borrowing		(72.38)	(111.76)
Interest paid (Including other borrowing cost)		(1.14)	(2.60)
<b>Net cash generated/(used) in financing activities .....(C)</b>		<b>(73.52)</b>	<b>(69.36)</b>





**Orchid Hotels Pune Private Limited**  
**CIN: U55101MH2007PTC170188**  
**Cash Flow Statement for the year ended 31st March, 2019**  
*(Amount in rupees in lakhs, except share and per share data, unless otherwise stated)*

Particulars	Note	Year ended 31st March 2019	Year ended 31st March 2018
<b>Net increase / (decrease) in cash and cash equivalents (A+ B+C)</b>		<b>346.85</b>	<b>(386.80)</b>
Cash and cash equivalents at beginning of the year	14	138.23	525.03
Cash and cash equivalents at end of the year		485.08	138.23
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>346.85</b>	<b>(386.80)</b>
<b>Significant accounting policies and notes to financial statement</b>	1 to 44		

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

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

*M. Mody*

Milan Mody  
Partner  
Membership No. : 103286



Place: Mumbai  
Date: 27th May 2019

*B.C. Kamdar*

B.C.Kamdar  
Managing Director  
DIN: 01972386

*Ramnath P. Sarang*

Ramnath P. Sarang  
Director  
DIN: 02544807

*Surendar Thiagarajan*  
Surendar Thiagarajan  
Chief financial officer

*Vaibhav Kadam*  
Vaibhav Kadam  
Company secretary

Place: Mumbai  
Date: 27th May 2019

**1. Background**

The Company was incorporated on 21<sup>st</sup> April 2007 under 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 MH 400099 IN. The Company is in the hospitality business. Currently, it has hotel in the Pune. Company has taken land on lease period of 60 years from Director of Sports of Youth Services at Balewadi, Pune and has constructed hotel of "five star" category under Build, Operate and Transfer (BOT) model.

The financial statements of the Company for the year ended 31<sup>st</sup> March 2019 were approved and adopted by board of directors of the Company in their meeting held on 27<sup>th</sup> May 2019.

**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 [Also refer note 23.4].

**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.

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 history and existing market conditions as well as forward looking estimates at the end of each reporting period.

For trade receivables, Company has applied simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognized from initial recognition of trade receivables.

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) **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 31<sup>st</sup> March 2019. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in note 23.4. 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 in the previous year, in the opinion of the management, financial statements are prepared on going concern basis.

vii) **Corporate Guarantee**

The Company has given corporate guarantee on behalf of holding company aggregating to Rs. 24,755.00 lakhs (Previous year: Rs. 24,755.00 lakhs) towards loan facilities taken from banks/ others. Holding Company has also given guarantee towards loan taken by the Company and it does not expect any outflow on account of this guarantee. In view of the management, KHIL is taking appropriate steps to ensure that there are no defaults in repayments of loan from Banks / other lenders. Hence, management is not expecting any obligation required to be accounted out of the financial guarantee given by the Company.

viii) **Impairment of property plant and equipment**

In the previous year, management of the Company had reviewed the recoverable value in respect to net block of fixed assets and based on such assessment (including offers received pursuant to action initiated by the lender) provision for impairment loss amounting to Rs. 21,400.09 was recognised. In the current year, based on assessment of estimate of working of net present value of CGU, no further impairment provision is required to be made.

**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**



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 lives are 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.

### **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. Capital expenditure on rebranding and upgradation of the hotel property are amortized over the period of 3 years.

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**

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. In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition. Amortisation methods and useful lives are reviewed at each financial year end and adjusted prospectively.

## **3.4. 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.

### **3.5. 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.

### **3.6. Revenue recognition**

In the FY 2017-2018 revenue was recognized based on Ind AS 18 – Revenue. Effective from 1st April 2018, Ind AS 115, "Revenue from Contracts with Customers" has replaced Ind AS 18. Company has adopted Ind AS 115 from 1<sup>st</sup> April 2018.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue from operation comprises of sale of rooms, banquets, food & beverages and allied services relating to hotel operations, membership fees etc.

- (i) Revenue from sale of rooms, banquets, food & beverages and allied services are recognised upon rendering of service. Revenue is recognized net of indirect taxes.
- (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.

### **3.7. 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 benefit and 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. Company's obligation towards gratuity liability is unfunded. 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.

For gratuity plan, re-measurements comprising of (a) actuarial gains and losses, and (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 credit to retained earnings through other comprehensive income in the period in which they occur. Such re-measurements 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.

### **3.8. 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.

### **3.9. 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.

### **3.10. 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.

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.

### **3.11. 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.





### 3.12. Cash flow 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.

### 3.13. 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 income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

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

### 3.14. 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.

### 3.15. 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.

#### 3.15.1. 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.

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 valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be 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.

### **3.15.2. 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
- 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:

- 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 standards

##### 4.1. New Accounting standards adopted by the Company:

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31<sup>st</sup> March 2018, except for the adoption of amendments and interpretations effective as of April 1, 2018.

##### Ind AS 115 – Revenue from contract with customers

On 1<sup>st</sup> April 2018, Company adopted Ind AS 115, "Revenue from Contracts with Customers". The adoption of the new standard did not have impact on recognition of revenue during the year as well as previous year.

##### 4.2. New standard issued/existing standards modified but not effective and hence not adopted:

The following standards issued/modified by MCA becomes effective w.e.f. 1<sup>st</sup> April 2019

Particulars	Effective date
<b>New standard issued*</b>	
Ind AS 116 – Leases	1 <sup>st</sup> April 2019
<b>Modification to existing Ind AS *</b>	
Ind AS 12 – Income taxes [Uncertainty over Income tax Treatment and clarification for recognition of income tax consequences of dividends in profit or loss]	1 <sup>st</sup> April 2019
Ind AS 109 – Financial Instruments	1 <sup>st</sup> April 2019
Ind AS 28 Investment in Associate and Joint Venture	1 <sup>st</sup> April 2019
Ind AS 111 – Joint Arrangements & Ind AS 103 – Business Combination	1 <sup>st</sup> April 2019
Ind AS 19 – Employee Benefits	1 <sup>st</sup> April 2019
Ind AS 23 – Borrowing Costs	1 <sup>st</sup> April 2019
<b>Standard omitted and replaced by Ind AS 116.</b>	
Ind AS 17 – Leases	

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

##### Ind AS 116 – Leases

MCA has issued Ind AS 116 – 'Leases' which is effective from 1<sup>st</sup> April 2019. Ind AS 116 will replace the existing leases standard, Ind AS 17 – Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. Company is evaluating the impact of this revised standard on its financials.

##### Ind AS 12 – Income taxes [Change related uncertainty over income tax treatments]

Company does not have any significant uncertainty related to income tax matters.

##### Ind AS 12 – Income Taxes [Clarification for recognition of income tax consequences of dividends in profit or loss]

Company does not expect any impact of the changes made in the existing standard related recognition of income tax consequences of dividends in profit or loss.

##### Ind AS 109 – Financial Instruments [Prepayment Features with Negative Compensation]



Company does not have any significant impact of changes made in this existing standard.

**Ind AS 28 – Investment in Associate and Joint Venture**

Amendment in Ind AS 28 wherein it is clarified that Ind AS 109 to Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Company does not have any long-term interests in associates and joint ventures.

**Ind AS 103 – Business Combinations and Ind AS 111 Joint Arrangements [Clarification in relation to obtaining control of a business that is joint operation]**

Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

**Ind AS 19 – Employee Benefits [Clarification related to plan amendment, curtailment or settlement]**

Amendments to Ind AS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Company does not expect any impact from this pronouncement.



5	Property, plant and equipment	Building on lease hold land and lease hold improvement (Refer note 5.1 & 5.3)	Plant & Equipment	Furniture & Fixtures	Office Equipments	Total
	Gross carrying value as at 1st April, 2017	37,117.00	2,336.00	146.70	3.01	39,602.71
	Additions during the year 2017-2018		94.68	5.59	14.42	114.69
	Deletions during the year 2017-2018		139.39			139.39
	Balance as at 31st March, 2018	37,117.00	2,291.29	152.29	17.43	39,578.01
	Additions during the year 2018-2019	380.92	52.30	2.70	1.72	437.64
	Deletions during the year 2018-2019	-	-	-	-	-
	Balance as at 31st March, 2019	37,497.92	2,343.59	154.99	19.15	40,015.65
	Accumulated depreciation as at 1st April 2017	706.22	362.47	36.49	0.15	1,105.33
	Additions during the year 2017-2018	705.32	356.02	33.76	0.69	1,095.79
	Deletions during the year 2017-2018	-	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	23,578.01
	Additions during the year 2018-2019	415.67	268.69	30.97	3.82	719.15
	Deletions during the year 2018-2019	-	-	-	-	-
	Balance as at 31st March, 2019	23,227.30	963.98	101.22	4.66	24,297.16
	Net carrying amount					
	Balance as at 31st March, 2018	14,305.37	1,596.00	82.04	16.59	16,000.00
	Balance as at 31st March, 2019	14,270.62	1,379.61	53.77	14.49	15,718.49

## Notes:

- 5.1 Cost includes improvement to building constructed on leasehold land.
- 5.2 The entire block assets of the Company is mortgaged/ hypothecated towards term loan facility from lenders (Refer note 21.2 and 23.2).
- 5.3 Addition to building on lease hold land and lease hold improvement includes capital expenditure of Rs. 380.92 lakhs (Previous year: Nil) for rebranding and upgradation of the hotel property.

6	Other intangible assets	Software	Total
	Gross carrying value as at 1st April, 2017	3.20	3.20
	Additions during the year 2017-2018	-	-
	Deletions during the year 2017-2018	-	-
	Balance as at 31st March, 2018	3.20	3.20
	Additions during the year 2018-2019	5.98	5.98
	Deletions during the year 2018-2019	-	-
	Balance as at 31st March, 2019	9.18	9.18
	Accumulated amortisation as at 1st April 2017	0.41	0.41
	Additions during the year 2017-2018	0.40	0.40
	Deletions during the year 2017-2018	-	-
	Balance as at 31st March, 2018	0.81	0.81
	Additions during the year 2018-2019	0.47	0.47
	Deletions during the year 2018-2019	-	-
	Balance as at 31st March, 2019	1.28	1.28
	Net carrying amount		
	Balance as at 31st March, 2018	2.39	2.39
	Balance as at 31st March, 2019	7.90	7.90

- 6.1 Software is other than internally generated software.
- 6.2 Balance useful life of intangible asset is 1 year to 5 years (Previous year : 2 years to 6 years).

7	Capital work in progress	As at 31st March 2019	As at 31st March 2018
	Opening balance	-	0.90
	Add: Additions during the year	437.64	-
	Less: Capitalised during the year	437.64	0.90
	Closing balance	-	-





8	Loans - Non-current (Unsecured, considered good)	As at 31st March 2019	As at 31st March 2018
	Security deposit	49.72	48.14
	Fixed deposit with bank (Margin money) - Maturity of more than 12 Months (Refer note 8.1)	29.63	88.32
	<b>Total</b>	<b>79.35</b>	<b>136.46</b>

8.1 Fixed deposit is given as margin money to the Banks for guarantee given by banks to Government and other authorities on behalf of the Company.

9	Deferred tax assets (net)	As at 31st March 2019	As at 31st March 2018
	Major components of deferred tax assets and deferred tax liabilities:		
	<b>Deferred tax assets</b>		
	Carried forward losses as per Income Tax Act, 1961	7,226.39	6,836.91
	Expense allowed on payment basis as per Income tax act, 1961	520.40	455.70
	Difference in net carrying value of fixed asset as per income tax and books	996.43	1,387.28
	<b>Sub-total (A)</b>	<b>8,743.22</b>	<b>8,679.89</b>
	Less: Deferred tax asset not recognised [Refer Note 9.1(b)]	8,743.22	8,679.89
	<b>Deferred tax assets/(liability)</b>	<b>-</b>	<b>-</b>

9.1 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2019 and 31st March 2018

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Accounting profit before tax from operations	(876.74)	(22,825.86)
Income tax liability/(asset) as per applicable tax rate i.e. 26.00% (Previous year: 25.75%)	(227.97)	(5,877.66)
(a) Permanent disallowance	165.05	1.31
(b) Effect of change in tax rate 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)	62.92	5,292.67
<b>Tax expense reported in the statement of profit and loss</b>	<b>-</b>	<b>-</b>

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Other comprehensive income	(1.59)	15.16
Income tax liability/(asset) as per applicable tax rate i.e. 26% (Previous year: 25.75%)	(0.41)	3.90
(a) Deferred tax asset/(liability) not recognised (Refer note (b) below)	0.41	(3.90)
<b>Tax expense/(credit) reported in Other comprehensive income</b>	<b>-</b>	<b>-</b>



**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 not recognised deferred tax asset 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 2019 (1 to 8 years as at 31st March 2018).

10	Income tax assets (net)	As at 31st March 2019	As at 31st March 2018
	Income tax (Tax deducted at source)	98.36	97.38
	<b>Total</b>	<b>98.36</b>	<b>97.38</b>

11	Other non current assets	As at 31st March 2019	As at 31st March 2018
	Advance for property, plant and equipment	18.46	-
	Prepaid expenses	0.33	-
	<b>Total</b>	<b>18.79</b>	<b>-</b>

12	Inventories (At lower of cost or net realisable value)	As at 31st March 2019	As at 31st March 2018
	Food and beverages	34.05	50.70
	Stores and operating supplies	33.96	21.60
	<b>Total</b>	<b>68.01</b>	<b>72.30</b>

13	Trade receivable (Unsecured considered good, unless otherwise stated)	As at 31st March 2019	As at 31st March 2018
	-Considered good	171.56	356.78
	-Considered doubtful	50.76	126.30
		<b>222.32</b>	<b>483.08</b>
	Less: Allowance for expected credit losses*	50.76	126.30
	<b>Total</b>	<b>171.56</b>	<b>356.78</b>

\*The Company recognizes expected loss allowances using the expected credit loss (ECL) model based on 'simplified approach'. Considering same there are trade receivable having significant credit risk [Also refer note 3.15.1 and 34(a)(ii)].

14	Cash and bank balances	As at 31st March 2019	As at 31st March 2018
	<b>Cash and cash equivalent</b>		
	Cash in hand	5.59	4.88
	Balances with bank		
	- In current accounts	49.49	133.35
	- Cheques in hand	430.00	-
		<b>485.08</b>	<b>138.23</b>
	<b>Bank balances (other than cash and cash equivalent)</b>		
	Fixed deposit (maturity less than 12 Months) (Refer note 14.1)	-	0.78
	<b>Total</b>	<b>485.08</b>	<b>139.01</b>

- 14.1 Fixed deposit was given as margin money with Bank for guarantee given to Government and other authorities on behalf of the Company.



15	Other current financial asset	As at	As at
		31st March 2019	31st March 2018
	Interest on deposits receivable	4.70	4.12
	Advance to staff / recoverable	0.68	0.06
	Advances - Others	2.71	634.44
	<b>Total</b>	<b>8.09</b>	<b>638.62</b>

16	Other current assets	As at	As at
		31st March 2019	31st March 2018
	Prepaid expenses	51.85	45.80
	Advance to suppliers (Refer note 16.1)	24.82	149.75
	Export incentives receivable	16.65	4.38
	Balance with authorities (Refer note 16.2 and 16.3)	114.93	45.00
	<b>Total</b>	<b>208.25</b>	<b>244.93</b>

16.1 Advance to supplier includes Rs. Nil (Previous year: Rs.107.12 lakhs) 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 (Previous year: Rs.45.00 lakhs), being bank guarantee invoked by Commissioner of Customs in the previous year in relation to non-fulfilment of export obligations. The Company had submitted all the documents related to fulfilment of export obligations to the custom authorities and order for cancellation of 'Bond and Bank Guarantee' was issued by the Commissioner of Customs except for Rs. 2.00 lakhs. Company has filed application for refund with the of Commissioner of Customs, refund is awaited and therefore, no provision for any expected credit allowance is required.

16.3 Balance of authorities includes input tax credit (ITC) of Rs. 69.93 lakhs (Previous year: Nil) of Goods and service tax (GST) taken based on legal interpretation.

17	Equity share capital	As at	As at
		31st March 2019	31st March 2018
	<b>Authorised capital</b> 2,50,00,000 equity shares (Previous year: 2,50,00,000) of Rs.10 each	2,500.00	2,500.00
	<b>Total</b>	<b>2,500.00</b>	<b>2,500.00</b>
	<b>Issued, subscribed and paid-up</b> 1,17,64,706 equity shares (Previous year: 1,17,64,706) of Rs.10 each	1,176.47	1,176.47
	<b>Total</b>	<b>1,176.47</b>	<b>1,176.47</b>

#### 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 2019		31st March 2018	
	Number of Shares	Amount (In Rupees)	Number of Shares	Amount (In Rupees)
Number of shares at the beginning of the year	1,17,64,706	1,176.47	1,17,64,706	1,176.47
Add: Shares issued during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Number of shares at the end of the year	1,17,64,706	1,176.47	1,17,64,706	1,176.47



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

Particulars	As at 31st March 2019		As at 31st March 2018	
	% of holding	Number of Shares *	% of holding	Number of Shares *
Kamat Hotels (India) Limited	100%	1,17,64,706	100%	1,17,64,706

\*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 2019		As at 31st March 2018	
	% of holding	Number of Shares*	% of holding	Number of Shares*
Kamat Hotels (India) Limited	100%	1,17,64,706	100%	1,17,64,706

\*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 2019	As at 31st March 2018
<b>Securities premium (Refer note 18.1):</b>		
As per last balance sheet	6,379.62	6,379.62
	<b>6,379.62</b>	<b>6,379.62</b>
<b>Retained earnings - Surplus/(Deficit) in the Statement of Profit and Loss:</b>		
As per last balance sheet	(34,318.55)	(11,492.68)
Add: (Loss) for the year	(876.74)	(22,825.87)
<b>Closing balance</b>	<b>(35,195.29)</b>	<b>(34,318.55)</b>
<b>Other comprehensive income</b>		
As per last balance sheet	15.75	0.59
Profit/(loss) for the year	(1.59)	15.16
<b>Closing balance</b>	<b>14.16</b>	<b>15.75</b>
<b>Total</b>	<b>(28,801.51)</b>	<b>(27,923.18)</b>

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

19 Borrowings - Non-current	As at 31st March 2019	As at 31st March 2018
<b>Secured</b>		
<b>Term loans (Refer Note 23.1, 23.2, 23.3 and 23.4)</b>		
- From others	18,833.99	18,834.00
<b>Unsecured loan</b>		
From holding company (Refer note 19.1)	23,844.56	23,844.56
	42,678.55	42,678.56
Less: Current maturities of long term loans (Refer note 23)	(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)
<b>Total</b>	<b>19,646.40</b>	<b>19,646.40</b>

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 till 31st March 2019.



## Notes to financial statements for the year ended 31st March 2019

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

20	Provisions - Non-current	As at 31st March 2019	As at 31st March 2018
	Provision for gratuity (Refer Note 39(ii)(a))	21.23	13.30
	Provision for leave benefits (Refer Note 39(ii)(b))	45.06	13.41
	<b>Total</b>	<b>66.29</b>	<b>26.71</b>

21	Borrowing- Current	As at 31st March 2019	As at 31st March 2018
	<b>Secured:</b>		
	From bank (Refer note 21.1 and 21.2)	-	72.38
	<b>Total</b>	<b>-</b>	<b>72.38</b>

21.1 With respect to bank guarantee given by the Bank on behalf of the Company, two parties had invoked bank guarantee for non-payment of lease rent and non-fulfilment of export obligations. In previous year, Company was in continuing default in repayment of this outstanding loan. During the year, Company has entered into One Time Settlement (OTS) with Bank wherein interest on this loan is waived off by the Bank and entire loan has been repaid by the Company.

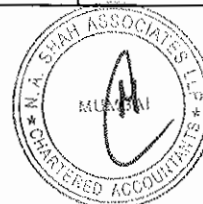
## 21.2 Details of security provided

Above loan was part of non-fund based limit sanctioned by the ICICI Bank in the earlier years. This loan was 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]. This loan has been fully repaid by the Company and charge created in relation to this loan pending to be released.

22	Trade payables	As at 31st March 2019	As at 31st March 2018
	Outstanding dues of micro and small enterprises (Refer note 22.1)	26.98	-
	Outstanding dues to other than micro and small enterprises	182.04	421.01
	<b>Total</b>	<b>209.02</b>	<b>421.01</b>

22.1 The amount due to Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act (MSMED Act), 2006 has been determined to the extent such parties have been identified on the basis of information collected by the management. The disclosure relating to Micro, Small and Medium Enterprises is as under:

Trade payables	As at 31st March 2019	As at 31st March 2018
Dues remaining unpaid at the year end:		
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	26.98	-
(b) The interest thereon remaining unpaid to supplier as at the end of the accounting year	0.61	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
(d) Amount of interest due and payable for the year	0.61	-
(e) Amount of interest accrued and remaining unpaid at the end of the accounting year	0.61	-
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid	1.31	-



23 Other financial liabilities	As at 31st March 2019	As at 31st March 2018
Current maturities of long term borrowings (Refer Note 23.1,23.2, 23.3 and 23.4)	17,415.31	17,415.31
Interest accrued and due - Others (Refer Note 23.1, 23.2, 23.3 and 23.4)	1,418.68	1,418.68
Interest accrued and due to holding company (Refer note 19.1)	4,198.16	4,198.16
Interest payable to MSME creditors	0.61	-
Lease premium payable (Refer Note 23.5 and 31.1)	1,146.24	886.54
Creditors for capital expenditure		
- Dues to Micro and small enterprises	-	-
- Dues to others	6.20	7.73
Security deposit	27.04	42.18
Other payable	170.72	66.33
<b>Total</b>	<b>24,382.96</b>	<b>24,034.93</b>

23.1 Term loan taken from a bank in earlier years became non-performing asset (NPA) in the year 2013. 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 had filed a suit before Debt Recovery Tribunal (DRT) for recovery of their dues and seeking some reliefs, which is pending.

#### 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 IARC [assigned by ARCIL], outstanding balance as on 31st March 2019 (including interest liability accounted upto 30th September 2013) is subject to confirmation. No balance confirmation was available in previous year also.

23.4 In respect of outstanding loan (originaly taken from ICICI Bank which subsequently was assigned to ARCIL), ARCIL rejected the Company's One Time Settlement ('OTS') proposal dated 10th November 2018 amounting to Rs. 13,425.00 lakhs with upfront payment of Rs. 200 lakhs vide letter dated 29th November 2018, on ground of "Proposal not acceptable in the present form as also it is not fully tied up in terms of funding and is without substantial upfront payment". A petition was filed by ARCIL with National Company Law Tribunal ('NCLT') for dues amounting to Rs. 41,157.98 lakhs on 6th December, 2018. The Company submitted its fresh binding OTS proposal enhancing its offer further to an amount of Rs. 14,500.00 lakhs with the plan of payment. While Company's offer was pending with ARCIL, ARCIL re-assigned the loan to Internation Asset Reconstruction Company Private Limited (IARC) for an aggregate amount of Rs. 13,500.00 lakhs. As per the assignment agreement, total amount due from the Company upto 24th December 2018 was Rs. 42,110.91 lakhs. This assignment by ARCIL to IARC was challenged by the Company before Hon'ble Bombay High Court and thereafter was withdrawn considering verbal & written (mail dated 27th December, 2018 ) assurances by IARC for amicable resolution with the Company. On 28th December 2018, ARCIL informed the Company about re-assignment of loan to IARC. On 12th January 2019, ARCIL withdrew its petition from NCLT claiming amount of Rs. 41,157.98 lakhs.

The Company has accounted interest on loan only up to 30th September 2013. Principal amount including unpaid interest upto 30th September, 2013 aggregating to Rs. 18,833.99 lakhs is appearing in the books. While in the opinion of the management, no further liability is required to be accounted based on their discussions and agreements for amicable resolution of the settlement of loan would not be higher than the amounts already recorded in the books and it is subject to execution of agreement with the lenders.

23.5 In respect of dispute over lease rent levied by Director of Sports, the Company has accounted for the liability amounting to Rs. 1,146.24 lakhs as at 31st March 2019 (Previous year: Rs. 886.54 lakhs) for the period from 1st November 2014 to 31st March 2019; 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 made, same is not disclosed as contingent liability (Also refer note 31.1).



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 2019	As at 31st March 2018
	(i) by a director of the Company and his relative	18,834.00	18,906.38
	(ii) by Holding Company	18,834.00	18,906.38
	(iii) by a company in which a director of the Company is a director	18,834.00	18,906.38

24	Other current liabilities	As at 31st March 2019	As at 31st March 2018
	Advance from customers	70.78	201.17
	Advance club membership	-	0.04
	Statutory dues	107.76	28.80
	<b>Total</b>	<b>178.54</b>	<b>230.01</b>

25	Provisions - Current	As at 31st March 2019	As at 31st March 2018
	Provision for gratuity (Refer Note 39(ii)(a))	0.43	0.29
	Provision for leave benefits (Refer Note 39(ii)(b))	5.28	2.85
	<b>Total</b>	<b>5.71</b>	<b>3.14</b>



26	<b>Revenue from operations</b>	<b>Year ended 31st March 2019</b>	<b>Year ended 31st March 2018</b>
	Room rent income	2,449.47	1,645.57
	Food and beverages	1,848.88	1,205.53
	<b>Sub total(A)</b>	<b>4,298.35</b>	<b>2,851.10</b>
	Other operating income		
	- Hall hire charges- income	90.49	127.59
	- Other incidental hotel services	47.70	43.75
	- Liabilities and provisions no longer payable, written back	78.28	69.21
	- License fee	17.03	29.56
	- Export incentives	17.33	4.39
	<b>Sub total(B)</b>	<b>250.83</b>	<b>274.50</b>
	<b>Total (A+B)</b>	<b>4,549.18</b>	<b>3,125.60</b>
27	<b>Other income</b>	<b>Year ended 31st March 2019</b>	<b>Year ended 31st March 2018</b>
	Interest earned from financial assets at amortised cost		
	- On fixed deposit	2.97	10.40
	- Others	12.04	4.57
	Miscellaneous income	15.08	9.23
	<b>Total</b>	<b>30.09</b>	<b>24.20</b>
28	<b>Cost of food and beverages consumed</b>	<b>Year ended 31st March 2019</b>	<b>Year ended 31st March 2018</b>
	Opening stock	50.70	14.85
	Add: Purchases	483.78	411.88
		<b>534.48</b>	<b>426.73</b>
	Less: Closing stock	34.05	50.70
	<b>Total</b>	<b>500.43</b>	<b>376.03</b>
29	<b>Employee benefit expenses</b>	<b>Year ended 31st March 2019</b>	<b>Year ended 31st March 2018</b>
	Salaries and wages	968.30	784.84
	Contribution to provident and other funds (net)	48.24	44.43
	Provision for gratuity (Refer Note 39(ii)(a))	7.03	7.43
	Provision for leave benefit (Refer Note 39(ii)(b))	34.08	2.92
	Staff welfare expenses	50.53	86.54
	<b>Total</b>	<b>1,108.18</b>	<b>926.16</b>
30	<b>Finance costs</b>	<b>Year ended 31st March 2019</b>	<b>Year ended 31st March 2018</b>
	Interest expense (Refer Note 23.4)	1.75	-
	Other borrowing cost	-	2.60
	<b>Total</b>	<b>1.75</b>	<b>2.60</b>





31	Other expenses	Year ended 31st March 2019	Year ended 31st March 2018
	<b>Operating expenses</b>		
	Power and fuel	425.93	422.06
	Licence, rates and taxes (Note 31.1 and 31.2)	430.58	446.58
	Expenses on apartments and board	163.85	88.44
	Sanitation and laundry (net)	51.54	31.03
	Repairs to		
	- Building	120.75	71.85
	- Plant and machinery	126.29	150.77
	- Others	106.57	22.39
	Replacements of operating supplies	44.93	110.70
	Hire charges	51.98	66.37
	Management consultancy fees and royalty	181.58	96.95
	Water charges	25.07	34.72
	<b>Sub total(A)</b>	<b>1,729.07</b>	<b>1,541.86</b>
	<b>Sales and marketing expenses</b>		
	Commission	266.61	131.52
	Advertisement, publicity and sales promotion	117.95	105.01
	<b>Sub total(B)</b>	<b>384.56</b>	<b>236.53</b>
	<b>Administrative and general expenses</b>		
	Insurance	16.34	16.42
	Travelling and conveyance	15.05	4.26
	Printing and stationery	25.05	22.60
	Telecommunication expenses	7.83	8.40
	Vehicle expenses	3.67	12.81
	Legal, professional and consultancy charges	193.94	83.25
	Auditors remuneration (Note 31.3 )	1.40	1.40
	Provision for expected credit loss	25.70	65.05
	Loss on sale of fixed assets	-	103.19
	Bad debts written off	135.69	
	Less: Provision for expected credit loss	101.24	34.45
	Advances written off		3.68
	Miscellaneous expenses	50.86	73.26
	<b>Sub total(C)</b>	<b>377.96</b>	<b>396.20</b>
	<b>Total (A+B+C)</b>	<b>2,491.59</b>	<b>2,174.59</b>

31.1 In earlier years, the Company had 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 Hon'ble 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 had paid entire dues up to March 2017 under Amnesty Scheme in the earlier year. Company has paid municipal taxes for current year and previous year. Any adjustments of payment already deposited will be made subject to disposal of the cases.

### 31.3 Auditors' remuneration

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Statutory audit fees	1.20	1.20
Tax audit fees	0.20	0.20
<b>Total</b>	<b>1.40</b>	<b>1.40</b>

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



**32 Exceptional item**

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Impairment of leasehold improvement (Refer Note 32.1)	-	21,400.09
Capital advance given written off ( Refer Note 32.2)	634.44	-
<b>Total</b>	<b>634.44</b>	<b>21,400.09</b>

**32.1** In accordance with Ind AS 36 - "Impairment of Assets", based on management's review of the recoverable value (including offers received pursuant to action initiated by the lender) in respect to net block of fixed assets as on 31st March 2018, provision for impairment loss amounting to Rs. 21,400.09 lakhs was recognised in the previous year.

**32.2** The Company had paid capital advance in the year 2012-13 in relation to construction of Convention Centre at its hotel property in Pune. The said Convention Centre was partly constructed and demolished in view of objections by the municipal authorities. Considering this is old balance outstanding, period of limitation in refund claims, same has been written off during the year.



33 Financial instruments - Accounting classifications & fair value measurement

(a) Financial instruments by category

Sr. No.	Particulars	31st March 2019		31st March 2018	
		Amortised Cost	FVTOCI	FVTOCI	FVTPL
<b>A</b>	<b>Financial assets</b>				
(i)	Other non-current financial asset	79.35	-	136.46	-
(ii)	Trade receivables (net)	171.56	-	356.78	-
(iii)	Cash and bank balances	485.08	-	139.01	-
(iv)	Other current financial assets	8.09	-	638.62	-
	<b>Total financial assets</b>	<b>744.08</b>	<b>-</b>	<b>1,270.87</b>	<b>-</b>
<b>B</b>	<b>Financial liabilities</b>				
(i)	Borrowings- Non-current	19,646.40	-	19,646.40	-
(ii)	Borrowings- Current	-	-	72.38	-
(iii)	Trade payables	209.02	-	421.01	-
(iv)	Other current financial liabilities	24,382.96	-	24,034.93	-
	<b>Total financial liabilities</b>	<b>44,238.38</b>	<b>-</b>	<b>44,174.72</b>	<b>-</b>

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 bank balances, Other current financial assets, Borrowings- Current 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 Borrowings- Non-current will be approximate to their carrying amounts.



**(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 2019		31st March 2018	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Other non-current financial asset	Level 3	79.35	79.35	136.46	136.46
Total financial assets		79.35	79.35	136.46	136.46
Financial liabilities					
Borrowings- Non-current	Level 3	19,646.40	19,646.40	19,646.40	19,646.40
<b>Total financial liabilities</b>		<b>19,646.40</b>	<b>19,646.40</b>	<b>19,646.40</b>	<b>19,646.40</b>

Notes:

(i) The above disclosures are given only for non-current financial assets and non-current financial liabilities. Carrying value of 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.



Orchid Hotels Pune Private Limited  
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 Notes to financial statements for the year ended 31st March 2019  
 (Amount in rupees in lakhs, except share and per share data, unless otherwise stated)

(a) **Credit Risk :**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed mainly to credit risk which arises from cash and cash equivalents and deposit with banks

(i) **Cash and cash equivalent**

The Company considers factors such as track record, size of institution, market reputation and service standards to select the banks with which balances and deposits are maintained. The bank balance 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 deposits.

(ii) **Trade receivables**

The major exposure to the credit risk at the reporting date is primarily from receivable comprising of trade receivables. Credit risk on receivable is limited due to the Company's diverse customer base. The effective monitoring and controlling of credit risk through credit evaluations is a core competency of the Company's risk management system.

For expected credit loss of trade receivable, Company follows simplified approach as per which provision is made for receivable exceeding six months. This is based on historically observed default rates over the expected life of trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Reconciliation of Expected Credit Allowance (ECL) is as given below:

Particulars	31st March 2019	31st March 2018
Balance at the beginning	126.30	61.26
Less: Utilized	101.24	-
Add: Provision for ECL made during the year	25.06	61.26
Balance at the year end	50.76	126.30



**Notes to financial statements for the year ended 31st March 2019**  
(Amount in rupees in lakhs, except share and per share data, unless otherwise stated)

**(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 risk 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
<b>As at 31st March 2019</b>				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	209.02	-	-	209.02
Other financial liabilities	6,967.65	-	-	6,967.65
<b>As at 31st March 2018</b>				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	421.01	-	-	421.01
Other financial liabilities	6,619.62	-	-	6,619.62

**(c) Market risk**

Market risk is the risk that the changes in market prices such as foreign exchange rates and interest rates 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 pre dominant currency of the Company's revenue and operating cash flows is Indian Rupees (INR). Company has earnings in foreign currency. There is no foreign currency risk as there is no outstanding foreign currency exposure at the year end.

**(i) Interest rate risk**

The Company has outstanding loan payable to holding company and IARC [term loan assigned by ICICI Bank]. With respect to loan from IARC, Company has not provided/ paid any interest on these loans [Refer note 23.4]. With respect to loan from holding company, interest is waived [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:

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 for revival of the hotel property. 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.

Particulars	As at	As at
	31st March 2019	31st March 2018
Total debt	54,477.02	54,477.02
Total capital (total equity shareholder's fund)	(27,625.04)	(26,746.71)
Net debt to equity ratio	(1.97)	(2.04)



**Orchid Hotels Pune Private Limited**

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**Notes to financial statements for the year ended 31st March 2019**

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

**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. 27.00 lakhs (Previous year: Rs. Nil) (Net of advances)
- (b) **Other significant commitments** : Nil (Previous year: Nil)

**36.2 Contingent liability**

- (a) Open import licenses Rs. 2.00 lakhs (Previous year: Rs. 2.00 lakhs).
- (b) Counter Guarantees issued by the Company to secure Bank Guarantees Rs. 19.10 lakhs (Previous year: Rs. 420.30 lakhs).
- (c) Claims against the Company (not provided for) in respect of disputed demand by Contractors pending in appropriate courts Rs. Nil (Previous year: Rs. Nil) and disputed claim of additional lease premium of Rs. 225.00 lakhs (Previous year: Rs 225.00 lakhs) by the Director of Sports, Government of Maharashtra.
- (d) ARCIL and ICICI Bank had jointly filed an application before Debt Recovery Tribunal ('DRT') in the earlier year claiming recovery of Rs. 25,237.90 lakh plus further interest which has not been accepted by the Company and the matter is pending before Debt Recovery Tribunal [Also refer note 23.3 and 23.4]. Company has made interest provision only upto 30th September 2013 pending settlement with lenders. No provision is made for interest for the period from 1st October 2013 to 31st March 2019 pending settlement with the lender (Also refer note 23.4).
- (e) Disputed sales tax demand of Rs.11.02 lakhs (Previous year: Rs. 11.02 lakhs).

In respect of (a) to (c) above, the Company does not expect any cash outflow. In respect of (d) and (e) 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):
- |                         |   |
|-------------------------|---|
| Managing Director       | Mr. B. C. Kamdar                                    |
| Director                | Dr. Vithal V. Kamat                                 |
|                         | Mr. Dinkar Jadhav                                   |
|                         | Mr. Ramnath Sarang                                  |
|                         | Ms. Rubina Khan                                     |
| Chief financial officer | Mr. Surendar Thiagarajan (W.e.f. 1st November 2018) |
|                         | Ms. Swati Bhauskar (Upto 21st April 2018)           |
| Company secretary       | Mr. Vaibhav Kadam (W.e.f. 27th May 2019)            |
|                         | Ms. Shruti Shirvaslav (Upto 31st October 2018)      |
- d. Relatives of director Mr. Vikram V. Kamat

**37.2 Transactions with related parties**

Nature of transaction	Name of the Party	Year ended 31st March 2019	Year ended 31st March 2018
Management fees and incentive fees - expenses	Kamat Hotels (India) Limited	180.81	96.95
Sale of goods		0.51	-
Staff deputation expenses		133.55	96.33
GST on corporate guarantee - payable		7.01	-
Advances given against services		-	107.12
Amounts paid towards services		220.97	-
Temporary repayment of long term borrowing		430.00	-
Temporary repayment, received back		430.00	-
Reimbursement of expenses (Paid on behalf of Company)		13.73	5.24





## Transactions with related parties (Contd.)

Nature of transaction	Name of the Party	Year ended 31st March 2019	Year ended 31st March 2018
Sitting fees	Mr. Dinkar Jadhav	0.50	0.40
	Mr. Ramnath Sarang	0.50	0.40
	Ms. Rubina Khan	0.50	0.40
Remuneration paid	Mr. Surendar Thiagarajan	4.77	-
	Ms. Swati Bhauskar	0.32	5.43

## 37.3 Closing balances of related parties:

Nature of transaction	Name of the Party	As at 31st March 2019	As at 31st March 2018
Trade payable	Kamat Hotels (India) Limited	18.58	-
Advances given against services		-	107.12
Loan payable		19,646.40	19,646.40
Interest payable		4,198.16	4,198.16
Corporate Guarantee provided by holding company on behalf of the Company.		21,500.00	21,500.00
Corporate guarantee provided by the Company to bankers for credit facility availed by Holding Company.		24,755.00	24,755.00
Corporate guarantee provided on behalf of the Company.	Kamats Development Private Limited	21,500.00	21,500.00
Personal guarantee	Dr. Vithal V. Kamat	21,500.00	21,500.00
Personal guarantee	Mr. Vikram V. Kamat	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.

## 38 Earnings/ (loss) per share

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
<b>Basic and diluted earning per share</b>		
Profit / (Loss) attributable to the equity holders of the Company	(876.74)	(22,825.86)
Weighted average number of equity shares	1,17,64,706	1,17,64,706
Face value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	(7.45)	(194.02)

## 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	2018-19	2017-18
Provident fund	9.69	12.45
Pension fund	23.22	20.46
Employees' state insurance (ESIC)	15.22	11.44
Maharashtra labour welfare fund	0.11	0.08
<b>Total</b>	<b>48.24</b>	<b>44.43</b>

## (ii) Defined benefit plans and other long term benefits

## (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:

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	2018-19	2017-18
Discount rate	7.75%	7.73%
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)

**Changes in the present value of obligations**

Particulars	2018-19	2017-18
Liability at the beginning of the year	13.59	27.28
Interest cost	1.05	1.88
Current service cost	5.98	5.55
Benefits paid	(0.55)	(5.96)
Actuarial (gain)/ loss on obligations	1.59	(15.16)
Liability at the end of the year	21.66	13.59

**Table of recognition of actuarial (gain)/ loss**

Particulars	2018-19	2017-18
Actuarial (gain)/ loss on obligation for the year	1.59	(15.16)
Actuarial (gain)/ loss on planned assets for the year	-	-
Actuarial (gain)/ loss recognized in Other comprehensive Income	1.59	(15.16)

**Breakup of actuarial gain/loss:**

Particulars	2018-19	2017-18
Actuarial loss/(gain) arising from change in demographic assumption	-	-
Actuarial loss arising from change in financial assumption	(0.05)	(0.71)
Actuarial loss/(gain) arising from experience	1.64	(14.45)
Total	1.59	(15.16)

**Amount recognized in the Balance Sheet:**

	2018-19	2017-18
Liability at the end of the year	21.66	13.59
Fair value of plan assets at the end of the year	-	-
Amount recognized in the Balance Sheet	21.66	13.59

**Expenses recognized in the Income Statement**

	2018-19	2017-18
Current service cost	5.98	5.55
Interest cost	1.05	1.88
Expected return on plan assets	-	-
Expense / (Income) recognized in statement of profit and loss	7.03	7.43

**Balance Sheet reconciliation**

	2018-19	2017-18
Opening net liability	13.59	27.28
Expense recognised in Statement of Profit and Loss	7.03	7.43
Expense/(income) recognised in Other comprehensive income	1.59	(15.16)
Benefits paid	(0.55)	(5.96)
Amount recognized in the Balance Sheet	21.66	13.59
Non-current portion of defined benefit obligation	21.23	13.30
Current portion of defined benefit obligation	0.43	0.29



## Sensitivity analysis

Particulars	2018-19	2017-18
<b>a) Impact of change in discount rate</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	19.21	12.06
b) Impact due to decrease of 1%	24.62	15.43
<b>b) Impact of change in salary growth</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	24.54	15.37
b) Impact due to decrease of 1%	19.17	12.08
<b>c) Impact of change in attrition rate</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	21.51	13.38
b) Impact due to decrease of 1%	21.80	13.80
<b>d) Impact of change in mortality rate</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 10%	21.67	13.59

## Maturity profile of defined benefit obligation

Particulars	2018-19	2017-18
Weighted average duration of the defined benefit obligation	12.58	15.36
Projected benefit obligation	13.09	14.00
Accumulated benefit obligation	10.17	6.64

## Gratuity liability payout analysis

Particulars	As at 31st March 2019	As at 31st March 2018
1st year	0.43	0.31
2nd year	1.00	0.32
3rd year	1.19	0.67
4th year	0.97	0.69
5th year	1.39	0.29
Next 5 year payout (6-10 year)	9.22	2.61
Payout above 10 year	57.84	40.72

## (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	2018-19	2017-18
Discount Rate	7.75%	7.73%
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)



## Changes in the present value of obligations:

Particulars	2018-19	2017-18
Liability at the beginning of the year	16.26	13.34
Interest cost	0.97	1.03
Current service cost	14.61	9.85
Benefits paid	-	-
Actuarial (gain)/loss on obligations	18.50	(7.96)
<b>Liability at the end of the year</b>	<b>50.34</b>	<b>16.26</b>

## Table of recognition of actuarial gain / loss :

Particulars	2018-19	2017-18
Actuarial (Gain)/Loss on obligation for the year	18.50	(7.96)
Actuarial (Gain)/Loss on assets for the year	-	-
<b>Actuarial (Gain)/Loss recognized in Statement of Profit and Loss</b>	<b>18.50</b>	<b>(7.96)</b>

## Amount recognized in the Balance Sheet:

Particulars	2018-19	2017-18
Liability at the end of the year	50.34	16.26
Fair value of plan assets at the end of the year	-	-
<b>Amount Recognized in the Balance Sheet</b>	<b>50.34</b>	<b>16.26</b>

## Expenses recognized in the Statement of Profit and Loss:

Particulars	2018-19	2017-18
Current service cost	14.61	9.85
Interest cost	0.97	1.03
Expected return on plan assets	-	-
Benefits paid	-	-
Actuarial (gain)/ loss	18.50	(7.96)
<b>Expense recognized in Statement of Profit and Loss</b>	<b>34.08</b>	<b>2.92</b>

## Balance Sheet reconciliation

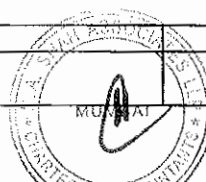
Particulars	2018-19	2017-18
Opening net liability	16.26	13.34
Expense recognised in Statement of Profit and Loss	34.08	2.92
<b>Amount Recognized in Balance Sheet</b>	<b>50.34</b>	<b>16.26</b>
Non-current portion of defined benefit obligation	45.06	13.41
Current portion of defined benefit obligation	5.28	2.85

## Sensitivity analysis

Particulars	2018-19	2017-18
<b>a) Impact of change in discount rate</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	39.53	43.53
b) Impact due to decrease of 1%	45.87	50.91
<b>b) Impact of change in salary growth</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	45.86	48.40
b) Impact due to decrease of 1%	39.49	45.53
<b>c) Impact of change in attrition rate</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	42.48	46.40
b) Impact due to decrease of 1%	42.47	47.57
<b>d) Impact of change in mortality rate</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 10%	42.48	46.94

## Maturity profile of defined benefit obligation

Particulars	2018-19	2017-18
Weighted average duration of the defined benefit obligation	12.58	15.36
Projected benefit obligation	50.34	16.26



**Leave liability payout analysis**

Particulars	2018-19	2017-18
1st year	4.35	0.91
2nd year	4.71	0.92
3rd year	4.91	1.15
4th year	4.02	1.18
5th year	3.88	0.94
Next 5 year payout (6-10 year)	19.63	5.84
Payout above 10 year	47.97	40.65

**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 2019	31st March 2018
Rent expenses recognised during the year	259.70	259.70
Payable not later than one year	259.70	259.70
Later than one year but not later than five years	1,298.50	1,298.50
Later than five years	11,167.10	11,426.80

(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. 0.98 lakhs (Previous year: Rs. 27.89 lakhs).
- (ii) Changes in financing liabilities arising from cash and non-cash changes:

Particulars	1st April 2018	Cash flow	Non-cash changes	31st March 2019
Borrowings from Bank/ others	42,750.93	(72.38)	-	42,678.55

Particulars	1st April 2017	Cash flow	Non-cash changes	31st March 2018
Borrowings from Bank/ others	42,817.68	(66.75)	-	42,750.93

- 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 2019. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in note 23.4. The 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 in the previous year, in the opinion of the management, financial statements are prepared on going concern basis.

**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 2019 and 31st March 2018.

- 44 Foreign currency exposure outstanding as on 31st March 2019: Nil (Previous year: Nil). There are no outstanding derivative contracts as on 31st March 2019 (Previous year: Nil).

As per our audit report of even date

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

Milan Mody  
Partner  
Membership No. : 103286

Place: Mumbai  
Date: 27th May 2019

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

B.C.Kamdar  
Managing  
DIN: 01972386

Surendar Thiagarajan  
Chief financial officer

Place: Mumbai  
Date: 27th May 2019

Ramnath P. Sarang  
Director  
DIN: 02544807

Vaibhav Kadam  
Company secretary