

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GJS HOTELS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **GJS Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note No. 30 to the standalone financial statement, explaining the consequential effect of Scheme of Demerger when the Scheme becomes effective, more fully explained in the said note.

Our opinion is not modified in respect of above matter.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

GJS Hotels Limited

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

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, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) In our opinion, and according to the information and explanations given to, the company has not paid any managerial remuneration during the year ended March 31, 2019. Hence, provisions of section 197 read with Schedule V to the Act are not applicable to the Company and has not commented upon; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 24 and 27 to the standalone financial statements;
 - ii. The Company did not have any long term contracts including contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **NSBP & CO.**
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No.095541

New Delhi, April 30, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GJS HOTELS LIMITED DATED APRIL 24, 2018.

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section.

- i. In respect of the Company's fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year, the frequency of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
 - c) In our opinion, and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. According to the information and explanation given to us and the records examined by us, the company is not having any inventory, therefore the provisions of clause 3(ii) of the said Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause 3 (iii) of the said order are not applicable to the company.
- iv. As per the information and explanation given to us and on the basis of our examination of the records, the company has complied with provision of section 185 and 186 of the Act, with respect to the loans and investment made.
- v. As the company has not accepted deposits, the directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other provisions of the companies Act and rules framed there under, are not applicable.
- vi. According to the information and explanation given to us, the company is in hotel project. The Central Government has prescribed cost accounting records under section 148(1) of the Act for hotel project activity. Since the Company's projects is under implementation, the prescribed records are not applicable for the year under report.
- vii.
 - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, sales tax, service tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Provident fund, employees' state insurance is not applicable on the company. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of custom duty, income tax, excise duty, goods and service tax, service tax, sales tax and cess which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us and as per the books and records examined by us, the Company does not have any borrowings from any Governments, financial institution or bank nor has it issued any debentures as at the balance sheet date, the provision of clause 3(viii) of the Order are not applicable to the company.
- ix. According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer or further public offer during the financial year, and the Company has not raised any term loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the company.
- x. In our opinion and on the basis of information and explanations given to us, no cases of fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year except a police complaint filed by the company suspecting a theft, management of the company has represented that there the case has not been reach to its conclusion, hence no fraud has been established, hence no fraud reported
- xi. In our opinion, and according to the information and explanations given to us, the company has not paid any managerial remuneration during the year. Hence the provisions of section 197 of the Act is not applicable to the company and the related reporting requirement of the Order are not applicable.
- xii. As the Company is not a Nidhi Company, hence clause (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, as applicable and the details have been disclosed in these standalone financial statements as required by the applicable accounting standards.
- xiv. As the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under review, the requirement of section 42 of the Act are not applicable.
- xv. In our opinion and on the basis of information and explanations given to us, the Company has not entered into non-cash transactions with directors and persons connected with him. Hence, the provisions of section 192 of Act are not applicable.
- xvi. In our opinion and on the basis of 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 **NSBP & CO.**
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No.095541

New Delhi, April 30, 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GJS HOTELS LIMITED DATED APRIL 24, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section.

We have audited the internal financial controls over financial reporting of **GJS Hotels Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company 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". 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 the 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, as specified 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 Financials Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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
- c) 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations, given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India.

For **NSBP & CO.**
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No.095541

New Delhi, April 30, 2019

GJS Hotels Limited

CIN No. - U55101WB2002PLC160608

BALANCE SHEET as at 31st March 2019

Particulars	Note	Amount in ₹	
		As at 31.03.2019	As at 31.03.2018
ASSETS			
(1) Non - current assets			
(a) Property, plant and equipment	2	53,620,636	54,409,175
(b) Capital work in progress	3	17,356,916	15,508,429
(c) Financial assets			
(i) Investments	4	4,764,893,447	4,681,457,634
(ii) Other financial assets	5	122,692	2,000
(d) Deferred tax assets	6	351,282	351,282
(e) Other non-current assets	7	-	250,000
Total Non Current Assets		4,836,344,973	4,751,978,520
(2) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	8	163,440	386,354
(b) Income tax assets (net)	9	413,078	258,078
Total Current Assets		576,518	644,432
Total assets		4,836,921,491	4,752,622,952
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	10	109,610,000	109,610,000
(b) Other equity	11	1,496,893,051	1,413,117,628
		1,606,503,051	1,522,727,628
LIABILITIES			
(1) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	3,230,344,250	3,229,844,800
(ii) Other financial liabilities	13	74,190	46,634
(b) Other current liabilities	14	-	3,890
Total Current Liabilities		3,230,418,440	3,229,895,324
Total Equity & Liabilities		4,836,921,491	4,752,622,952
Significant Accounting Policies	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached.

For **NSBP & Co.**
Chartered Accountants
Firm Registration. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. : 095541
Place : Delhi
Date : April 30, 2019

For and on behalf of the Board of Directors

Umesh Saraf
Director
DIN No. - 00017985

Padam Kr. Khaitan
Director
DIN No. - 00019700

Bimal Kr. Jhunjhunwala
Chief Financial Officer
Place : Kolkata
Date : April 30, 2019

Saumen Chatterjee
Company Secretary

GJS Hotels Limited

CIN No. - U55101WB2002PLC160608

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2019

Particulars	Note	Amount in ₹	
		Year Ended 31.03.2019	Year Ended 31.03.2018
Revenue			
I Revenue from operations		-	-
II Other Income	15	84,985,813	76,046,261
Total income (A)		84,985,813	76,046,261
Expenses			
III Employee benefits expenses	16	971,339	1,038,729
IV Other expenses	17	239,051	182,969
Total Expenses (B)		1,210,390	1,221,698
V Profit before exceptional items and tax (A-B)		83,775,423	74,824,563
VI Exceptional items		-	-
Profit before tax		83,775,423	74,824,563
VII Tax Expense :			
(1) Current tax		-	-
(2) Deferred tax		-	-
VIII Profit for the year		83,775,423	74,824,563
IX Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
X Total comprehensive income for the Year		83,775,423	74,824,563
XI Earnings per equity share (Face Value of Rs 10/-each)			
(1) Basic	18	7.64	6.83
(2) Diluted	18	7.64	6.83
Significant Accounting Policies	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached.

For **NSBP & Co.**
Chartered Accountants
Firm Registration. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. : 095541
Place : Delhi
Date : April 30, 2019

For and on behalf of the Board of Directors

Umesh Saraf
Director
DIN No. - 00017985

Padam Kr. Khaitan
Director
DIN No. - 00019700

Bimal Kr. Jhunjhunwala
Chief Financial Officer

Saumen Chatterjee
Company Secretary

Place : Kolkata
Date : April 30, 2019

GJS Hotels Limited

CIN No. - U55101WB2002PLC160608

STATEMENT OF CHANGES IN EQUITY for the year ended 31 st March 2019

Amount in ₹

Particulars	Equity Share Capital	Other Equity			Total equity to equity holders of the Company
		Reserves and Surplus		attributable Other Comprehensive Income	
		Retained earnings	Securities premium		
As at 01.4.2017	109,610,000	(898,461,935)	2,236,755,000	-	1,447,903,065
Change in equity for the year ended March 31, 2017					
Profit for the year	-	74,824,563	-	-	74,824,563
As at 31.3.2018	109,610,000	(823,637,372)	2,236,755,000	-	1,522,727,628
Change in equity for the year ended March 31, 2018					
Profit for the year	-	83,775,423	-	-	83,775,423
As at 31.3.2019	109,610,000	(739,861,949)	2,236,755,000	-	1,606,503,051

Significant Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached.

For **NSBP & Co.**
Chartered Accountants
Firm Registration. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. : 095541
Place : Delhi
Date : April 30, 2019

For and on behalf of the Board of Directors

Umesh Saraf
Director
DIN No. - 00017985

Padam Kr. Khaitan
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DIN No. - 00019700

Bimal Kr. Jhunjhunwala
Chief Financial Officer

Place : Kolkata
Date : April 30, 2019

Saumen Chatterjee
Company Secretary

GJS Hotels Limited

CIN No. - U55101WB2002PLC160608

CASH FLOW STATEMENT for the year ended 31st March 2019

Particulars	Amount in ₹	
	Year Ended 31.03.2019	Year Ended 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	83,775,423	74,824,563
Adjustments to reconcile profit before tax to net cash flows		
Interest income	(84,985,813)	(76,046,261)
Operating (loss) before working capital changes	(1,210,390)	(1,221,698)
Increase/(Decrease) in Other financial liabilities	27,556	8,164
Decrease/(Increase) Other financial assets	(120,692)	-
Increase/(Decrease) Other current liabilities	(3,890)	20
Cash used in operations	(1,307,416)	(1,213,514)
Income Taxes paid	155,000	155,000
Net Cash used in Operating Activities	(1,462,416)	(1,368,514)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure- Land Development Fees (including Capital Advance)	(809,948)	(846,524)
Interest received on investments	1,550,000	2,945,000
Net Cash flow from Investing Activities	740,052	2,098,476
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,805,210	2,140,000
Repayment of short-term borrowings	(1,305,760)	(2,500,000)
Net cash flow from/(used in) Financing Activities	499,450	(360,000)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(222,914)	369,962
Cash and cash equivalents at the beginning of the year	386,354	16,392
Cash and cash equivalents at the end of the year	163,440	386,354
Significant Accounting Policies	1	
Note:		
1. Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-		
-Cash on Hand	6,640	8,909
-Balances with Scheduled Banks in Current A/c	156,800	377,445
Total	163,440	386,354

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For **NSBP & Co.**
Chartered Accountants
Firm Registration. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. : 095541
Place : Delhi
Date : April 30, 2019

For and on behalf of the Board of Directors

Umesh Saraf
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DIN No. - 00019700

Bimal Kr. Jhunjhunwala
Chief Financial Officer
Place : Kolkata
Date : April 30, 2019

Saumen Chatterjee
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

1. Company Overview and Significant Accounting Policies

1.1 Company overview

The Company is a wholly Owned subsidiary of Asian Hotels (East) Limited which is listed in Bombay Stock Exchange and National Stock Exchange. The Company possess leasehold land in Bhubaneswar (Odisha) for setting up a hotel. The Company has a subsidiary, Robust Hotels Private Limited that is also into hospitality business and presently operating Hyatt Regency, Chennai.

1.2. Basis of preparation of financial statement

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and amended thereof.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Functional & Presentation Currency

These Financial statements are presented in Indian Rupees (INR) which is also the company's functional currency.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Significant accounting estimates

Property Plant & Equipment:

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

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.

Financials Asset

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (i) Financial Asset at amortized cost
- (ii) Financial Asset At Fair Value through OCI (FVTOCI)
- (iii) Financial Asset at Fair value through P&L (FVTPL)

Financial Asset at amortized cost

A 'Financial Asset' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss.

Financial Asset at Fair value through OCI

A 'Financial Asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI. Financial Asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Financial Asset at fair value through profit or loss

FVTPL is a residual category for Financial Assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a Financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Equity Instruments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable if the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI.

The Company's investment in the equity shares of its subsidiaries is recognised at cost. The Company has elected to apply previous GAAP carrying amount of its equity investment in subsidiaries, associates and joint ventures as deemed cost as on the date of transition to Ind AS. However, the debt instruments in subsidiaries, associates and joint ventures are recognized at fair value.

Derecognition of Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are debt instruments and are measured as at FVTOCI.
- c) Lease receivables under Ind AS 17.
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables')
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For financial liabilities maturing within one year from the balance sheet date, the carrying amount approximate fair value due to the short maturity of these instruments.

Subsequent Measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial Liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Cash and Cash Equivalents

Cash and Cash Equivalent in balance sheet comprise cash at banks and on hand and short - term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Provisions, Contingent liabilities

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is disclosed in case of;

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible ;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

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

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Income Tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

Earnings per share

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of equity shares to the extent that they are entitled to participate in dividends relative to a fully paid equity shares during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Fair Value Measurement

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

2. PROPERTY, PLANT & EQUIPMENT

Amount in ₹

Particulars	Leasehold Land	Property & Plant	Others
Gross Block (at cost)			
As at 01.04.2017	68,539,349	-	-
Additions	-	-	-
Disposals	-	-	-
As at 31.03.2018	68,539,349	-	-
Additions	-	-	-
Disposals	-	-	-
As at 31.03.2019	68,539,349	-	-
Amortisation/Depreciation			
As at 01.04.2017	-	-	-
Charge for the year	14,130,174	-	-
As at 31.03.2018	14,130,174	-	-
Charge for the year	788,539	-	-
As at 31.03.2019	14,918,713	-	-
Net Block			
As at 31.03.2018	54,409,175	-	-
As at 31.03.2019	53,620,636	-	-

3. CAPITAL WORK IN PROGRESS

Amount in ₹

Particulars	As at March 31, 2019	Additions	As at March 31, 2018
Pre-operative expenses			
Rates & taxes	499,456	63,000	436,456
Travelling expense	184,470	94,402	90,068
Legal & professional charges	1,381,731	600,000	781,731
Electricity Expenses	75,280	75,280	-
Security Expenses	197,266	197,266	-
Miscellaneous expenses	100,000	30,000	70,000
Amortisation of Land	14,918,713	788,539	14,130,174
	17,356,916	1,848,487	15,508,429

4. INVESTMENTS

Amount in ₹

Particulars	As at 31.03.2019	As at 31.03.2018
Non-current		
Unquoted		
Investment carried at cost		
Investment in equity instruments of subsidiary - Robust Hotels Pvt. Ltd. 124,163,829 (previous year: 124,163,829) equity shares of Rs 10/- each fully paid up	3,973,242,528	3,973,242,528
	3,973,242,528	3,973,242,528
Investment carried at amortised cost		
Investment in debentures of subsidiary - Robust Hotels Pvt. Ltd. 15,500,000 (previous year: 15,500,000) 0.10% unsecured redeemable non-convertible debentures of Rs 100/-each fully paid up	791,650,919	708,215,106
	791,650,919	708,215,106
	4,764,893,447	4,681,457,634
Aggregate value of unquoted investments	4,764,893,447	4,681,457,634
Aggregate value of provision for impairment in value of investments	-	-

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

5. OTHER FINANCIAL ASSETS		Amount in ₹	
Particulars	As at 31.03.2019	As at 31.03.2018	
Non-current			
Unsecured, Considered Good			
Security deposits	122,692	2,000	
	122,692	2,000	
6. DEFERRED TAX ASSETS		Amount in ₹	
Particulars	As at 31.03.2019	As at 31.03.2018	
Non-current			
MAT Credit Entitlement	351,282	351,282	
	351,282	351,282	
7. OTHERS NON -CURRENT ASSETS		Amount in ₹	
Particulars	As at 31.03.2019	As at 31.03.2018	
Non-current			
Unsecured, Considered Good			
Capital Advances	-	250,000	
	-	250,000	
8. CASH & CASH EQUIVALENTS		Amount in ₹	
Particulars	As at 31.03.2019	As at 31.03.2018	
Current			
Balances with banks in current account	156,800	377,445	
Cash on hand	6,640	8,909	
	163,440	386,354	
9. INCOME TAX ASSETS (net)		Amount in ₹	
Particulars	As at 31.03.2019	As at 31.03.2018	
Current			
Income tax assets	765,312	610,312	
Less: Provision for tax	352,234	352,234	
	413,078	258,078	

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

10. SHARE CAPITAL

Particulars	Amount in ₹	
	As at 31.03.2019	As at 31.03.2018
Authorised Shares		
14,000,000 (Previous Year 14,000,000) Equity Shares of ₹10/- each	140,000,000	140,000,000
Issued, subscribed & paid up		
10,961,000 (Previous Year 10,961,000) Equity Shares of ₹10/- each	109,610,000	109,610,000
Total	109,610,000	109,610,000

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at 31.03.2019	As at 31.03.2018
At the beginning of the year	10,961,000	10,961,000
Changes during the Year	-	-
At the end of the year	10,961,000	10,961,000

Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. 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 remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by Holding/ultimate Holding Company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its Holding Company is as below:

	As at 31.03.2019		As at 31.03.2018	
	No. of shares	Amount	No. of shares	Amount
Asian Hotels (East) Limited, the Holding Company and its Nominees				
109,61,000 equity shares of ₹ 10 each fully paid	10,961,000	109,610,000	10,961,000	109,610,000

Details of shareholders Holding more than 5% shares in the Company

Equity shares	% of Holding	As at 31.03.2019	As at 31.03.2018
		No. of Shares	No. of Shares
Asian Hotels (East) Limited	100%	10,961,000	10,961,000

11. OTHER EQUITY

Particulars	Amount in ₹	
	As at 31.03.2019	As at 31.03.2018
Securities premium	2,236,755,000	2,236,755,000
Retained earnings	(739,861,949)	(823,637,372)
	1,496,893,051	1,413,117,628

12. BORROWINGS

Particulars	Amount in ₹	
	As at 31.03.2019	As at 31.03.2018
Current		
Unsecured, repayable on demand		
Loan from related party (holding company, interest free)	3,230,344,250	3,229,844,800
	3,230,344,250	3,229,844,800

13. OTHER FINANCIAL LIABILITIES

Particulars	Amount in ₹	
	As at 31.03.2019	As at 31.03.2018
Current		
Expenses payable	74,190	46,634
	74,190	46,634

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

14. OTHER CURRENT LIABILITIES		Amount in ₹
Particulars	As at 31.03.2019	As at 31.03.2018
Current		
Statutory Dues	-	3,890
	-	3,890
15. OTHER INCOME		Amount in ₹
Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Interest income on debentures	1,550,000	1,550,000
Finance income (unwinding) on debentures	83,435,813	74,496,261
	84,985,813	76,046,261
16. EMPLOYEE BENEFIT EXPENSES		Amount in ₹
Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Salaries and wages	953,316	1,014,894
Staff welfare expenses	18,023	23,835
	971,339	1,038,729
17. OTHER EXPENSES		Amount in ₹
Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Travelling and conveyance	32,080	53,778
Payment to auditor		
Audit Fees	35,000	35,000
Rates and taxes	32,502	2,500
Taxes on Fees	6,300	7,050
Certification fees	-	5,000
Legal & professional expenses	36,280	37,600
Lease rent	2,452	2,100
Filing fees	5,150	2,489
Annual Custody Fees	26,550	-
Listing Fees	17,700	-
Printing & stationery	14,710	7,195
Telephone expenses	15,169	12,967
Miscellaneous expenses	15,158	17,290
	239,051	182,969
18. EARNINGS PER SHARE		Amount in ₹
Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
(i) Profit available for Equity Shareholders	83,775,423	74,824,563
(ii) Weighted average number of Equity Shares @ Rs 10 each	10,961,000	10,961,000
(iii) Basic Earnings per share (R)	7.64	6.83
(iv) Diluted Earnings per share (R)	7.64	6.83
(v) Face Value per share	10.00	10.00

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Amount in ₹

19. In accordance with the Accounting Standard on " Related Party Disclosures" (Ind AS-24), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows: -

Related Party Disclosures

(i) List of Related Parties

- | | |
|---|---|
| (a) Holding Company : | (b) Subsidiary Company : |
| Asian Hotels (East) Limited | Robust Hotels Private Limited |
| (c) Fellow Subsidiary Company : | |
| Regency Convention Centre and Hotels Limited | |
| (d) Entities over which directors or their relatives can exercise significant influence/control : | |
| (i) Samra Importex Private Limited | (xi) Chartered Hampi Hotels Pvt. Ltd. |
| (ii) Unison Hotels Private Limited | (xii) Sara Hospitality Limited, Hong Kong |
| (iii) Vedic Hotels Limited | (xiii) Sara International Limited, Hong Kong |
| (iv) Unison Power Limited | (xiv) Triumph Realty Pvt. Ltd. |
| (v) Unison Hotels South Private Limited | (xv) Nepal Travel Agency Pvt. Ltd., Nepal |
| (vi) Juniper Hotels Private Limited | (xvi) Yak & Yeti Hotels Limited, Nepal |
| (vii) Juniper Investments Limited | (xvii) Taragaon Regency Hotels Limited, Nepal |
| (viii) Chartered Hotels Pvt. Ltd. | (xix) Saraf Industries Limited, Mauritius |
| (ix) Blue Energy Private Limited | (xx) Saraf Hotels Limited, Mauritius |
| (x) Footsteps of Buddha Hotels Private Limited | (xxi) Saraf Investments Limited, Mauritius |

(ii) Details of transactions with related parties during the year :

Transactions	31st March 2019	31st March 2018
Interest on Debentures from Subsidiary Company (Ind AS Impact)	84,985,813	76,046,261
Investment made by Holding Company in Share Capital & Securities Premium		
During the year	-	-
Closing balance	2,346,365,000	2,346,365,000
Investment in Equity Shares of Subsidiary Company		
Opening balance	3,973,242,528	3,973,242,528
Conversion of preference share into equity shares during the year	-	-
Closing balance	3,973,242,528	3,973,242,528
Investment in Non Convertible Debenture of Subsidiary Company		
Opening balance	708,215,106	633,718,845
Interest (unwinding) during the year	83,435,813	74,496,261
Redemption during the year	-	-
Closing balance	791,650,919	708,215,106
Advances taken from Holding Company		
Opening balance	3,229,844,800	3,230,204,800
Taken/(repaid) during the year	499,450	(360,000)
Closing balance	3,230,344,250	3,229,844,800

20. The loans outstanding to Holding Company carrying no interest and repayable on demand as at 31st March 2019 :

	Maximum amount outstanding during the year	
Holding Company	31st March 2019	31st March 2018
Asian Hotels (East) Limited	3,231,644,800	3,231,844,800
	Outstanding as on	
Holding Company	31st March 2019	31st March 2018
Asian Hotels (East) Limited	3,230,344,250	3,229,844,800

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Amount in ₹

21. FINANCIAL INSTRUMENTS**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as on March 31, 2019 are as follows:

Particulars	Amortised Cost	Fair Value through PL	Fair Value through OCI	Total Carrying Value	Total Fair Value
Assets:					
Investments					
Debentures	791,650,919	-	-	791,650,919	791,650,919
Preference Shares	-	-	-	-	-
Cash & cash equivalents	163,440	-	-	163,440	163,440
Other financial assets	122,692	-	-	122,692	122,692
Total	791,937,051	-	-	791,937,051	791,937,051
Liabilities:					
Borrowings	3,230,344,250	-	-	3,230,344,250	3,230,344,250
Other financial liabilities	74,190	-	-	74,190	74,190
Total	3,230,418,440	-	-	3,230,418,440	3,230,418,440

The carrying value and fair value of financial instruments by categories as on March 31, 2018 are as follows:

Particulars	Amortised Cost	Fair Value through PL	Fair Value through OCI	Total Carrying Value	Total Fair Value
Assets:					
Investments					
Debentures	708,215,106	-	-	708,215,106	708,215,106
Preference Shares	-	-	-	-	-
Cash & cash equivalents	386,354	-	-	386,354	386,354
Other financial assets	2,000	-	-	2,000	2,000
Total	708,603,460	-	-	708,603,460	708,603,460
Liabilities:					
Borrowings	3,229,844,800	-	-	3,229,844,800	3,229,844,800
Other financial liabilities	46,634	-	-	46,634	46,634
Total	3,229,891,434	-	-	3,229,891,434	3,229,891,434

Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of Financial Instruments that are measured at fair value and amortised cost and for which fair values are disclosed in financial statements. To provide an indication about reliability of the inputs used in determining the fair values, the company has classified its financial instruments into the three levels prescribed under accounting standards. An explanation of each level follows underneath the table:

Level 1 : Includes financial Instrument measured using quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2 : Includes financial Instruments which are not traded in active market but for which all significant inputs required to fair value the instrument are observable. The fair value is calculated using the valuation technique which maximises the use of observable market data.

Level 3: Includes those instruments for which one or more significant input are not based on observable market data.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Amount in ₹

The following table presents fair value hierarchy of assets and liabilities measured at fair value as of March 31, 2019:

Particulars	Fair Value	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets:				
Investments				
Debentures	791,650,919	-	-	791,650,919
Preference Shares	-	-	-	-
Cash & cash equivalents	163,440	-	-	163,440
Other financial assets	122,692	-	-	122,692
Total	791,937,051	-	-	791,937,051
Liabilities:				
Borrowings	3,230,344,250	-	-	3,230,344,250
Other financial liabilities	74,190	-	-	74,190
Total	3,230,418,440	-	-	3,230,418,440

The following table presents fair value hierarchy of assets and liabilities measured at fair value as of March 31, 2018:

Particulars	Fair Value	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets:				
Investments				
Debentures	708,215,106	-	-	708,215,106
Preference Shares	-	-	-	-
Cash & cash equivalents	-386,354	-	-	386,354
Other financial assets	-2,000	-	-	2,000
Total	-708,603,460	-	-	708,603,460
Liabilities:				
Borrowings	3,229,844,800	-	-	3,229,844,800
Other financial liabilities	46,634	-	-	46,634
Total	3,229,891,434	-	-	3,229,891,434

The carrying amount of other financial assets, borrowings and expenses payable are considered to be the same as their fair value due to their short term nature and are close approximation of fair value.

The Company's investment in the equity shares of its subsidiaries is recognised at cost. The company has elected to apply previous GAAP carrying amount of its equity investment in subsidiaries, associates and joint ventures as deemed cost as on the date of transition to Ind AS.

The Company's investment in debentures of the subsidiaries have been valued at amortized cost using effective interest rate method.

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to liquidity risk and credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities.

The Company maintains sufficient cash and cash equivalent to manage its operating requirements. The Company has the financial support and call for additional loan from Asian Hotels (East) Limited, the holding company, to settle to its financial liabilities when they fall due for repayment.

The table below provides details regarding the contractual maturities of financial liabilities as of March 31, 2019:

Particulars	less than 6 months	6 months to 1 year	1 - 5 years	Total
Borrowings	-	-	3,230,344,250	3,230,344,250
Other financial liabilities	74,190	-	-	74,190

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Amount in ₹

The table below provides details regarding the contractual maturities of financial liabilities as of March 31, 2018: Amount in Rs

Particulars	less than 6 months	6 months to 1 year	1 - 5 years	Total
Borrowings	-	-	3,229,844,800	3,229,844,800
Other financial liabilities	46,634	-	-	46,634

Credit Risk

Credit risk is the risk that counter party will not meet its obligation under a financial instrument leading to a financial loss. The company is exposed to credit risk from investments, cash and cash equivalents and other financial assets.

The Company's credit risk is minimised as the Company's financial assets are carefully allocated to counter parties reflecting the credit worthiness.

The maximum exposure of financial asset to credit risk are as follows :

Particulars	31st March 2019	31st March 2018
Investments	4,764,893,447	4,681,457,634
Other financial assets	122,692	2,000
Cash & cash equivalents	163,440	386,354

23. CAPITAL MANAGEMENT

For the purpose of managing capital, Capital includes issued equity share capital and reserves attributable to the equity holders.

The objective of the company's capital management are to:

- Safeguard their ability to continue as going concern so that they can continue to provide benefits to their shareholders.
- Maximise the wealth of the shareholder.
- Maintain optimum capital structure to reduce the cost of the capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and requirement of financial covenants. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, loans and borrowings, less cash and cash equivalents.

Gearing Ratio is as follows :

Particulars	31st March 2019	31st March 2018
Net debt	3,230,344,250	3,229,844,800
Total net debt and equity	4,836,847,301	4,752,572,428
Gearing Ratio	66.79%	67.96%

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 loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

- 24.** There is no Contingent liabilities as on 31st March 2019 (Previous Year - Nil).
- 25.** The Estimated amount of Capital Contracts pending to be executed is of Rs 5,17,000 under the Head Fixed Asset as on 31.03.2019 (Previous Year - Rs 9,30,000).
Other commitments- Nil (Previous year - NIL)
- 26.** No amount is due to Micro, Small and Medium enterprises (identified on the basis of information made available during the year by such enterprises to the Company). No interest in terms of Micro, Small and Medium Enterprises Development Act, 2006 has been either paid or accrued during the year.
- 27.** The Company has filed drawings with Bhubaneswar Municipal Corporation (BMC) for its hotel project on the leasehold land. The sanction of the drawing is awaited. Further, as required, the Company has also filed necessary applications with the appropriate authorities for issuance of fire safety recommendations and connection of electricity for the project-work.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2019

Amount in ₹

The Company is yet to get the permission of the Govt. of Odisha, GA Department to start construction of the hotel project at the plot as the time period for the completion of the hotel project in terms of Lease Deed has expired. The Company is hopeful of a positive response and has been actively following with the Department in order to start the construction of the hotel project at the earliest.

- 28.** The Company is not liable for Provident Fund and/or any other retirement benefit for its employees under the relevant applicable Laws, Rules & Regulations.
- 29.** The Company does not have more than one reportable segment in accordance with the principle outlined in Ind AS 108, "Operating Segment", the disclosure requirements on Operating Segment is not applicable. The Company operates presently only in India. Thus there is no geographical segment apart from India.
- 30.** (a) The Company holds Equity shares, Debentures & Cumulative Redeemable Optional Convertible Preference Shares (Securities) in its subsidiary Robust Hotels Pvt Ltd. (RHPL) valued at cost of Rs.204,58,48,608/-, Rs.205,00,00,000/- and Rs.192,73,93,945/- respectively i.e aggregating to Rs.602,32,42,553/- as on 31st March 2016 being the appointed date. These Securities form part of investment division of the Company. Pursuant to section 230 of the Companies Act, 2013 and other provisions applicable, the Company has filed on 31st October 2017 a Scheme of Arrangement, merging its investment division with its holding company, Asian Hotels (East) Limited (AHEL) before NCLT, Kolkata Bench. The said Scheme also provides for reorganization of the Securities of RHPL. Pursuant to Sections 230 and 232 of the Companies Act, 2013, the Board of Directors of the Company has approved the Scheme of Arrangement on 10th February, 2017. Consequent to this scheme, all the Securities held by the Company in its subsidiary RHPL will stand transferred to AHEL and RHPL will become a direct wholly owned subsidiary of AHEL. The Scheme has been sanctioned by the National Company Law Tribunal (NCLT), Kolkata Bench vide its order dated 6th February, 2019. However, the Company is still awaiting the sanction of the Scheme by the National Company Law Tribunal (NCLT), Chennai Bench. The Scheme would be effective once the order from the NCLT, Chennai Bench is passed.
- (b) Subsequent to the Scheme becoming effective, in the books of the Company, the difference between the assets and liabilities of the Demerged undertaking, being a sum of Rs 232,88,33,185/- shall be first adjusted against the securities premium Account and credit balance in Profit & loss Account of the Company aggregating to Rs 222,15,23,405/- and the remaining difference of Rs 10,73,09,780/- shall be adjusted against the Equity Share Capital of the Company by cancelling 1,07,30,978 Equity Shares of Rs 10- each in the Share capital of the Company. After taking effect of the Scheme, the net worth of the Company will become negative which will raise the issue about the Company being a going concern and a letter of comfort has been provided by the holding company namely AHEL, as a commitment to support the company financially. Considering the above, the financial statements have been prepared on a going concern basis.
- 31.** Derivative instruments and foreign currency exposures.
- a) Foreign currency exposure outstanding as at the balance sheet date is Nil (previous year Nil).
- b) Particulars of un-hedged foreign currency exposures as at the balance sheet date is Nil (previous year Nil).
- 32.** The previous year figures have been regrouped/reclassified, wherever considered necessary to confirm the current year classification.

As per our report of even date

For **NSBP & Co.**
Chartered Accountants
Firm Registration. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. : 095541
Place : Delhi
Date : April 30, 2019

For and on behalf of the Board of Directors

Umesh Saraf
Director
DIN No. - 00017985

Padam Kr. Khaitan
Director
DIN No. - 00019700

Bimal Kr. Jhunjhunwala
Chief Financial Officer
Place : Kolkata
Date : April 30, 2019

Saumen Chatterjee
Company Secretary