

## **INDEPENDENT AUDITORS' REPORT**

To,  
The Shareholders,  
**REGENCY CONVENTION CENTRE & HOTELS LIMITED**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the accompanying standalone financial statements of the M/S. REGENCY CONVENTION CENTRE & 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.

#### **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
- 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.
- 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

## *Regency Convention Centre and Hotels Limited*

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. Subject to the case referred to in Note No 2 on property, plant and equipment in the Notes to the Financial Statements as at and for the year ended 31<sup>st</sup> March 2019 the company does not have any other pending litigations which would impact its financial position.
    - 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 **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
(Partner)  
Membership No, 017905

Place: Mumbai  
Dated: 30th April 2019

## *Regency Convention Centre and Hotels Limited*

### **ANNEXURE "A" TO THE AUDITORS REPORT TO THE MEMBERS OF M/S. REGENCY CONVENTION CENTRE & HOTELS LIMITED DATED APRIL 30, 2019.**

#### **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 amount shown under the head Fixed Assets represents the earnest money paid for the property and the expenditure incurred by the promoters on the property. The company had handed over the property to the Government on December 2001. As per the understanding with the Government the land will be leased back to the company for its operations. The expenditure incurred on this property till 31st March 2019 was capitalized with the fixed assets. The expenditures identified to be directly connected to the fixed assets to the extent of Rs. 12,85,930/- have been capitalised during the year.
  - b) Since the company does not have any other assets other than rights in the property referred to above, the question of maintenance of property records of its fixed assets showing full particulars, including quantitative details and their location or physical verification etc does not arise.
- 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 he 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
- 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 **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
(Partner)  
Membership No, 017905

Place: Mumbai  
Dated: 30th April 2019

## *Regency Convention Centre and Hotels Limited*

### **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M/S. REGENCY CONVENTION CENTRE & HOTELS LIMITED DATED APRIL 30, 2019.**

**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.**

We have audited the internal financial controls over financial reporting of M/S. REGENCY CONVENTION CENTRE & 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 **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
(Partner)  
Membership No, 017905

Place: Mumbai  
Dated: 30th April 2019

*Regency Convention Centre and Hotels Limited*

**BALANCE SHEET as at 31st March 2019**

Particulars	Note	Amount in ₹	
		As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
(1) <b>Non - current assets</b>			
(a) Property, plant and equipment	2	<b>20,652,458</b>	19,366,528
(b) Financial assets			
(i) Loans	3	-	84,770
		<b>20,652,458</b>	19,451,298
(2) <b>Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	4	<b>86,858</b>	212,899
(b) Other current assets	5	<b>10,000</b>	-
		<b>96,858</b>	212,899
<b>Total Assets</b>		<b>20,749,316</b>	19,664,197
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	6	<b>1,553,570</b>	1,553,570
(b) Other equity	7	<b>(1,151,498)</b>	(937,228)
		<b>402,072</b>	616,342
<b>LIABILITIES</b>			
(1) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	8	<b>20,341,344</b>	19,016,258
(i) Other financial liabilities	9	<b>5,900</b>	21,656
(b) Other current liabilities	10	-	9,941
		<b>20,347,244</b>	19,047,855
<b>Total Equity &amp; Liabilities</b>		<b>20,749,316</b>	19,664,197

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

As per our report of even date attached

For **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
Partner  
Membership No. 017905

Place : Mumbai  
Date : 30th April, 2019

For and on behalf of the Board of Directors

**Umesh Saraf**  
Director

**Bimal K Jhunjunwala**  
Director

Place : Kolkata  
Date : 26th April, 2019

*Regency Convention Centre and Hotels Limited*

**STATEMENT OF PROFIT AND LOSS for the period April 1, 2018 to March 31, 2019**

Particulars	Note	Amount in ₹	
		Year ended 31.03.2019	Year ended 31.03.2018
I Revenue from operations		-	-
II Other income		-	-
III Total income		-	-
IV Expenses			
Employee benefit expenses	11	<b>149,000</b>	136,125
Other expenses	12	<b>65,270</b>	20,984
Total expenses		<b>214,270</b>	157,109
V Profit / (loss) before exceptional items and tax		<b>(214,270)</b>	(157,109)
VI Exceptional items		-	-
VII Profit / (loss) before tax		<b>(214,270)</b>	(157,109)
VIII Tax expense			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX Profit / (loss) for the period		<b>(214,270)</b>	(157,109)
X 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		-	-
XI Total comprehensive income for the period		<b>(214,270)</b>	(157,109)
XII Earnings per equity share	13		
(1) Basic		<b>(1.38)</b>	(1.01)
(2) Diluted		<b>(1.38)</b>	(1.01)

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

As per our report of even date attached

For **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
Partner  
Membership No. 017905

Place : Mumbai  
Date : 30th April, 2019

For and on behalf of the Board of Directors

**Umesh Saraf**                      **Bimal K Jhunjunwala**  
Director                                      Director

Place : Kolkata  
Date : 26th April, 2019

*Regency Convention Centre and Hotels Limited*

**STATEMENT OF CHANGES IN EQUITY for the period April 1, 2018 to March 31, 2019**

Amount in ₹

Particulars	Reserves and Surplus					Other Comprehensive Income		Total equity attributable to equity holders of the Company
	Equity Share Capital	Retained earnings	Capital reserve	Securities premium account	Other reserves	Equity instruments through other comprehensive income	Other items of other comprehensive income	
<b>As at 01.4.2017</b>	<b>1,553,570</b>	<b>(780,119)</b>	-	-	-	-	-	<b>773,451</b>
Change in equity for the year ended March 31, 2017								
Profit for the period	-	(157,109)	-	-	-	-	-	(157,109)
<b>As at 31.3.2018</b>	<b>1,553,570</b>	<b>(937,228)</b>	-	-	-	-	-	<b>616,342</b>
Change in equity for the year ended March 31, 2018								
Profit for the period	-	(214,270)	-	-	-	-	-	(214,270)
<b>As at 31.03.2019</b>	<b>1,553,570</b>	<b>(1,151,498)</b>	-	-	-	-	-	<b>402,072</b>

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

As per our report of even date attached

For **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
Partner  
Membership No. 017905

Place : Mumbai  
Date : 30th April, 2019

For and on behalf of the Board of Directors

**Umesh Saraf**                      **Bimal K Jhunjhunwala**  
Director                                      Director

Place : Kolkata  
Date : 26th April, 2019

*Regency Convention Centre and Hotels Limited*

**CASH FLOW STATEMENT for the period April 1, 2018 to March 31, 2019**

	April 1, 2018 to March 31, 2019	Amount in ₹ Year Ended 31.03.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(214,270)	(157,109)
Adjustments to reconcile profit before tax to net cash flows	-	-
Operating profit/(loss) before working capital changes	(214,270)	(157,109)
Change in assets and liabilities		
Other financial liabilities	(15,756)	300
Loans	84,770	-
Other current assets	(10,000)	-
Other current liabilities	(9,941)	9,941
Cash generated from operations	(165,197)	(146,868)
Direct taxes	-	-
<b>Net Cash generated from/(used in) Operations</b>	<b>(165,197)</b>	<b>(146,868)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditure on property, plant and equipment	(1,285,930)	(149,131)
<b>Net Cash flow from/(used in) Investing Activities</b>	<b>(1,285,930)</b>	<b>(149,131)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	1,325,086	430,000
<b>Net cash flow from/(used in) Financing Activities</b>	<b>1,325,086</b>	<b>430,000</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(126,041)</b>	<b>134,001</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>212,899</b>	<b>78,898</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>86,858</b>	<b>212,899</b>

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

As per our report of even date attached

For **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
Partner  
Membership No. 017905

Place : Mumbai  
Date : 30th April, 2019

For and on behalf of the Board of Directors

**Umesh Saraf**  
Director

**Bimal K Jhunjunwala**  
Director

Place : Kolkata  
Date : 26th April, 2019



## **NOTES TO THE FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

### **1. Company Overview and Significant Accounting Policies**

#### **1.1 Company overview**

The Company is a subsidiary of Asian Hotels (East) Limited, a Company listed in Bombay Stock Exchange and National Stock Exchange. The principle assets of the Company comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court.

#### **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 Companies (Indian Accounting Standards) Amendment Rules, 2016.

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 policies**

##### **Property Plant & Equipment:**

Under the previous Indian GAAP, property plant and equipment were carried in the balance sheet on the basis of historical cost. The company has regarded the same as deemed cost & presented same values in Ind- AS compliant financials.

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 Other Comprehensive Income (OCI)
- (iii) Financial Asset at Fair value through Profit or Loss (PL)

##### **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 THE FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 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 (FVTOCI)**

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)**

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').

### **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.

### **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.

## **NOTES TO THE FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

### **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.

### **Deferred Tax**

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. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 relating to items recognized outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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 taxable entity and the same taxation authority.

### **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.

### **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 period April 1, 2018 to March 31, 2019**

**2. PROPERTY, PLANT & EQUIPMENT**

Particulars	Amount in ₹		
	Land *	Property & Plant	Others
<b>Gross Block (at cost )</b>			
As at 01.04.2017	19,217,397	-	-
Additions	149,131	-	-
Disposals	-	-	-
As at 31.03.2018	19,366,528	-	-
Additions	1,285,930	-	-
Disposals	-	-	-
As at 31.03.2019	20,652,458	-	-
<b>Depreciation</b>			
As at 01.04.2017	-	-	-
Charge for the year	-	-	-
As at 31.03.2018	-	-	-
Charge for the year	-	-	-
As at 31.03.2019	-	-	-
<b>Net Block</b>			
As at 31.03.2018	19,366,528	-	-
As at 31.03.2019	20,652,458	-	-

\* The cost of land represents the earnest money paid for the land, the incidental expenditure, legal expenses and the pre-operative expenditures capitalized. The Company has handed over the property to the Airports Authority of India (AAI). As per the understanding with the AAI the land will be leased back to the Company for its operations.

The Company has filed Suit No. 6846 of 1999 in the High Court of Judicature at Bombay against the Airports Authority of India (AAI) & Ors. for specific performance of the agreement to lease 31,000 sq.mtrs. of land at village-Sahar, Andheri (East), Mumbai in its favour for construction of a five star hotel cum convention centre. The recording of evidence of the Company's witness and the Defendants Nos. 2 to 16 have already been concluded and closed. The suit is pending of recoding of evidence of Defendant No. 1 i.e., AAI and for final arguments. Parties have asked the Court to expedite the matter.

Further, the Company continues to engage in the dialogues with the parties concerned to amicably settle the disputes and exploring all available options including sale of the shares by the shareholders of the company. Considering the nature of dispute & involvement of all parties concerned, the settlement is a complex & difficult one, however, the Company is hopeful of a positive outcome of its efforts.

**3. LOANS**

Particulars	Amount in ₹	
	Non - Current	
	As at 31.03.2019	As at 31.03.2018
Unsecured, considered good		
Loan to other parties	-	84,770
	-	84,770

**4. CASH & CASH EQUIVALENTS**

Particulars	Amount in ₹	
	Current	
	As at 31.03.2019	As at 31.03.2018
Balances with banks in current account	77,000	202,991
Cash in hand	9,858	9,908
	86,858	212,899

**5. OTHER CURRENT ASSETS**

Particulars	Amount in ₹	
	Current	
	As at 31.03.2019	As at 31.03.2018
Security Deposit	10,000	-
	10,858	-

**NOTES TO FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

6. <b>SHARE CAPITAL</b> <b>Particulars</b>	Amount in ₹	
	<b>As at 31.03.2019</b>	As at 31.03.2018
Authorised Shares		
2,50,000 Equity Shares of ₹ 10/- each	<b>2,500,000</b>	2,500,000
Issued, subscribed & paid up		
1,55,357 Equity Shares of ₹ 10/- each	<b>1,553,570</b>	1,553,570
Total	<b>1,553,570</b>	1,553,570

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

<b>Equity Shares</b>	<b>As at 31.03.2019</b>	As at 31.03.2018
At the beginning of the year	<b>155,357</b>	155,357
Issued/(buy back) during the year	-	--
At the end of the year	<b>155,357</b>	155,357

**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:

	<b>As at 31.03.2019</b>	As at 31.03.2018
Asian Hotels (East) Limited, the Holding Company		
91,652 equity shares of ₹10 each fully paid	<b>916,520</b>	916,520

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

<b>Equity shares</b>	<b>% of Holding</b>	<b>As at 31.03.2019 No. of Shares</b>	As at 31.03.2018 No. of Shares
Asian Hotels (East) Limited (Refer Note 6.1 & Note 6.2)	62.44	<b>97,009</b>	97,009
Mr. S. Kapur	7.24	<b>11,250</b>	11,250
Ms. Farhath S. Kapur	7.24	<b>11,250</b>	11,250
Mr. Joy S. Kapur	14.48	<b>22,500</b>	11,250
Ms. Yash Kapur	-	-	11,250
Mohd. H. Merchant	6.71	<b>10,424</b>	10,424

Note 6.1 : The shareholding of Asian Hotels (East) Limited includes the shares held by nominee shareholders of Asian Hotels (East) Limited.

Note 6.2 : Out of 5,357 shares held by nominee shareholder, 5,351 shares have been transferred to the beneficiary shareholder (Asian Hotels (East) Limited) during the year & the remaining 6 shares are held by 6 shareholders in their name as nominee shareholders of Asian Hotels (East) Limited.

**7. OTHER EQUITY**

<b>Particulars</b>	Amount in R	
	<b>As at 31.03.2019</b>	As at 31.03.2018
Retained earnings	<b>(1,151,498)</b>	(937,228)
	<b>(1,151,498)</b>	(937,228)

*Regency Convention Centre and Hotels Limited*

**NOTES TO FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

<b>8. BORROWINGS</b>	Amount in ₹	
<b>Particulars</b>	<b>Current</b>	
	<b>As at 31.03.2019</b>	As at 31.03.2018
Unsecured, repayable on demand		
Loan from related party (refer note 13)	<b>20,341,344</b>	14,400,474
Loan from other parties	-	4,615,784
	<b>20,341,344</b>	19,016,258

  

<b>9. OTHER FINANCIAL LIABILITIES</b>	Amount in ₹	
<b>Particulars</b>	<b>Current</b>	
	<b>As at 31.03.2019</b>	As at 31.03.2018
Expenses payable	<b>5,900</b>	21,656
	<b>5,900</b>	21,656

  

<b>10. OTHER CURRENT LIABILITIES</b>	Amount in ₹	
<b>Particulars</b>	<b>Current</b>	
	<b>As at 31.03.2019</b>	As at 31.03.2018
TDS payable	-	9,831
Professional Tax Payable	-	110
	-	9,941

  

<b>11. EMPLOYEE BENEFIT EXPENSES</b>	Amount in ₹	
<b>Particulars</b>	<b>For the period April 1, 2018 to March 31, 2019</b>	Year Ended 31st March 2016
Salaries and wages	<b>149,000</b>	136,125
	<b>149,000</b>	136,125

  

<b>12. OTHER EXPENSES</b>	Amount in ₹	
<b>Particulars</b>	<b>For the period April 1, 2018 to March 31, 2019</b>	Year Ended 31st March 2016
Rates and taxes	<b>2,500</b>	2,500
Legal & professional expenses	<b>19,980</b>	3,550
Filing fees	<b>2,050</b>	3,044
Audit fees	<b>20,060</b>	11,800
Miscellaneous expenses	<b>20,680</b>	90
	<b>65,270</b>	20,984

  

<b>13. EARNINGS PER SHARE</b>	Amount in ₹	
<b>Particulars</b>	<b>For the period April 1, 2018 to March 31, 2019</b>	Year Ended 31st March 2016
(i) Profit available for equity shareholders	<b>(214,270)</b>	(157,109)
(ii) Weighted average number of equity shares @ ₹10 each	<b>155,357</b>	155,357
(iii) Earnings/(Loss) per share (₹)	<b>(1.38)</b>	(1.01)

*Regency Convention Centre and Hotels Limited*

**NOTES TO FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

14. 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 :  
Asian Hotels (East) Limited
- (b) Fellow Subsidiary Company :  
GJS Hotels Limited
- (c) Entities over which directors or their relatives can exercise significant influence/control :
- |   |  |
|---|--|
| (i) Robust Hotels Private Limited               | (xii) Unison Power Limited                   |
| (ii) Unison Hotels Private Limited              | (xiii) Unison Hotels South Private Limited   |
| (iii) Juniper Hotels Private Limited            | (xiv) Sara International Limited, Hong Kong  |
| (iv) Chartered Hotels Pvt. Ltd.                 | (xv) Sara Hospitality Limited, Hong Kong     |
| (v) Chartered Hampi Hotels Pvt. Ltd.            | (xvi) Saraf Industries Limited, Mauritius    |
| (vi) Triumph Realty Pvt. Ltd.                   | (xvii) Saraf Hotels Limited, Mauritius       |
| (vii) Juniper Investments Limited               | (xviii) Saraf Investments Limited, Mauritius |
| (viii) Blue Energy Private Limited              | (xix) Nepal Travel Agency Pvt. Ltd., Nepal   |
| (ix) Footsteps of Buddha Hotels Private Limited | (xx) Yak & Yeti Hotels Limited, Nepal        |
| (x) Samra Importex Private Limited              | (xxi) Taragaon Regency Hotels Limited, Nepal |
| (xi) Vedic Hotels Limited                       |  |

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

<b>Transactions</b>	<b>31st March 2019</b>	Amount in ₹ 31st March 2018
<b>Investment made by Holding Company</b>		
During the year	-	-
Year end balance(Refer Note 6.1 and 6.2)	<b>970,090</b>	970,090
<b>Loans &amp; Advances taken from Holding Company</b>		
During the year	<b>5,940,870</b>	430,000
Year end balance	<b>20,341,344</b>	14,400,474

15. 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.

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

<b>Holding Company</b>	<b>Maximum amount outstanding during the year</b>	
	<b>31st March 2019</b>	31st March 2018
Asian Hotels (East) Limited	<b>20,341,344</b>	14,400,474
<b>Outstanding as on</b>		
<b>Holding Company</b>	<b>31st March 2019</b>	31st March 2018
Asian Hotels (East) Limited	<b>20,341,344</b>	14,400,474

**NOTES TO FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

**17. 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
<b>Assets:</b>					
Cash & cash equivalents	86,858	-	-	86,858	86,858
Loans	-	-	-	-	-
<b>Total</b>	<b>86,858</b>	<b>-</b>	<b>-</b>	<b>86,858</b>	<b>86,858</b>
<b>Liabilities:</b>					
Borrowings	20,341,344	-	-	20,341,344	20,341,344
Other financial liabilities	5,900	-	-	5,900	5,900
<b>Total</b>	<b>20,347,244</b>	<b>-</b>	<b>-</b>	<b>20,347,244</b>	<b>20,347,244</b>

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

Amount in R

Particulars	Amortised Cost	Fair Value through PL	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>Assets:</b>					
Cash & cash equivalents	212,899	-	-	212,899	212,899
Loans	84,770	-	-	84,770	84,770
<b>Total</b>	<b>297,669</b>	<b>-</b>	<b>-</b>	<b>-297,669</b>	<b>297,669</b>
<b>Liabilities:</b>					
Borrowings	19,016,258	-	-	19,016,258	19,016,258
Other financial liabilities	21,656	-	-	21,656	21,656
<b>Total</b>	<b>19,037,914</b>	<b>-</b>	<b>-</b>	<b>19,037,914</b>	<b>19,037,914</b>

**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** - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** - Observable direct or indirect inputs other than Level 1 inputs; and

**Level 3** - Unobservable inputs (i.e; not derived from market data).

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
<b>Assets:</b>				
Cash & cash equivalents	86,858	-	-	86,858
Loans	-	-	-	-
<b>Total</b>	<b>-86,858</b>	<b>-</b>	<b>-</b>	<b>86,858</b>
<b>Liabilities:</b>				
Borrowings	20,341,344	-	-	20,341,344
Other financial liabilities	5,900	-	-	5,900
<b>Total</b>	<b>20,347,244</b>	<b>-</b>	<b>-</b>	<b>20,347,244</b>



**NOTES TO FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

Amount in ₹

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
<b>Assets:</b>				
Cash & cash equivalents	212,899	-	-	212,899
Loans	84,770	-	-	84,770
<b>Total</b>	<b>297,669</b>	<b>-</b>	<b>-</b>	<b>297,669</b>
<b>Liabilities:</b>				
Borrowings	19,016,258	-	-	19,016,258
Other financial liabilities	21,656	-	-	21,656
<b>Total</b>	<b>19,037,914</b>	<b>-</b>	<b>-</b>	<b>19,037,914</b>

**18. FINANCIAL RISK MANAGEMENT**

**Financial risk factors**

The Company's activities expose it to only 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 and has the financial support and call for additional loan from its 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	on demand	less than 3 months	3-12 months	1-5 years	Total
Borrowings	20,341,344	-	-	-	20,341,344
Other financial liabilities	-	5,900	-	-	5,900

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

Particulars	on demand	less than 3 months	3-12 months	1-5 years	Total
Borrowings	19,016,258	-	-	-	19,016,258
Other financial liabilities	-	11,500	-	9,856	21,356

**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 cash and cash equivalents and loans given.

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
Loans	-	84,770
Cash & cash equivalents	<b>86,858</b>	212,899

**NOTES TO FINANCIAL STATEMENTS for the period April 1, 2018 to March 31, 2019**

Amount in ₹

**19. 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.
- Maximization 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.

Gearing Ratio is as follows :

Particulars	Amount in R	
	31st March 2019	31st March 2018
Net debt	20,341,344	19,016,258
Total net debt and equity	20,743,416	19,632,600
Gearing Ratio	98.06%	96.86%

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.

**20.** Previous year figures have been re-grouped and re-classified wherever considered necessary to confirm to current year's classification.

As per our report of even date attached

For **V. Vaidyanathan & Co.**  
Chartered Accountants  
Firm Regn. No. 111225/W

**V. Vaidyanathan**  
Partner  
Membership No. 017905

Place : Mumbai  
Date : 30th April, 2019

For and on behalf of the Board of Directors

**Umesh Saraf**                      **Bimal K Jhunjhunwala**  
Director                                      Director

Place : Kolkata  
Date : 26th April, 2019