

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REGENCY CONVENTION CENTRE & HOTELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Regency Convention Centre & Hotels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

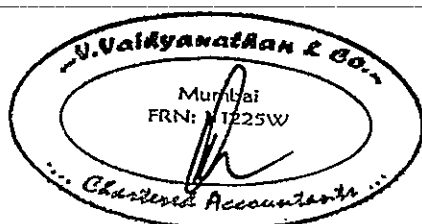
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

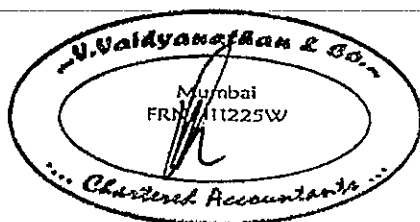
An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

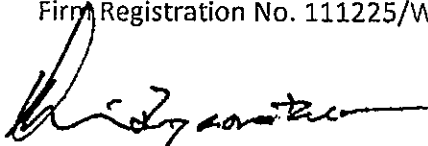
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

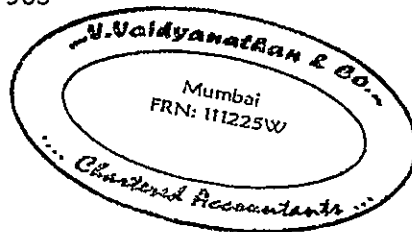


- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There is no amount which is required to be transferred, to the Investor Education and Protection Fund by the Company

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



V. Vaidyanathan
Partner
Membership No. 017905
Place: Mumbai
Date: 07/04/2015



Annexure referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report of even date to the members of Regency Convention Centre & Hotels Limited on its financial statements as of and for the year ended March 31, 2015.

(i) 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 2015 was capitalized with the fixed assets. The expenditures identified to be directly connected to the fixed assets to the extent of Rs.2,99,784/- have been capitalised during the year.

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) As the Company does not have any inventory, clause 3 (ii) of the Companies (Auditor's Report) Order, 2015 is not applicable to the Company.

(iii) (a) Subject to note no. 15 in the Notes to Financial Statements the Company has not granted or taken any other loan, secured or unsecured, to or from person/ firm/ companies covered in the register maintained under section 189 of the Companies Act 2013. The interest free loan from Holding company was Rs. 121.19 lakhs as on 31st March 2015.

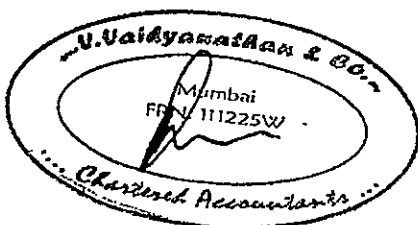
(b) There are no overdue amounts and in our opinion reasonable steps have been taken by the company for recovery or repayment of the principal and/ or interest.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) The Company has not accepted deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.

(vi) According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Sub section (l) of Section 148 of the Companies Act, 2013 in respect of services carried out by the Company. Therefore, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is generally regular in depositing to the extent applicable undisputed statutory dues including provident fund, employees' state insurance,



income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

(b) According to the information and explanation given to us, the dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess to the extent applicable have been deposited.

(c) According to the information and explanation given to us, no amount needs to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 (18 of 2013) and rules made there under.

(viii) The accumulated losses of the Company at the end of the financial year are less than fifty per cent of its net worth. Further the Company has incurred cash losses of Rs.1,41,015/- during the current financial year. The cash loss in the previous year was Rs.1,26,087/-.

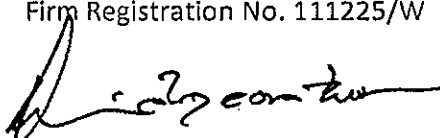
(ix) According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures. So the question of default in repayment of dues to financial institution or bank or debenture holder does not arise.

(x) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.

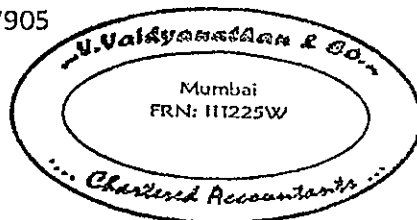
(xi) In our opinion, and according to the information and explanations given to us, the company has not obtained any term loans during the year.

(xii) No fraud on or by the Company has been noticed or reported during the year.

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



V. Vaidyanathan
Partner
Membership No. 017905
Place: Mumbai
Date: 07/04/2015



Regency Convention Centre and Hotels Limited

BALANCE SHEET as at 31st March 2015

		Amount in	
	Notes	As at 31st March 2015	As at 31st March 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1,553,570	1,553,570
(b) Reserves and Surplus	4	<u>(488,441)</u>	<u>(347,426)</u>
		<u>1,065,129</u>	<u>1,206,144</u>
CURRENT LIABILITIES			
(a) Short Term Borrowings	5	16,735,258	16,185,258
(b) Other Current Liabilities	6	<u>49,219</u>	<u>39,181</u>
		<u>16,784,477</u>	<u>16,224,439</u>
Total		<u><u>17,849,606</u></u>	<u><u>17,430,583</u></u>
ASSETS			
NON-CURRENT ASSETS			
(a) Fixed Assets			
Tangible assets	7	17,628,536	17,328,752
(b) Long-Term Loans and Advances	8	<u>84,770</u>	<u>84,770</u>
		<u>17,713,306</u>	<u>17,413,522</u>
CURRENT ASSETS			
(a) Cash and Bank Balances	9	136,300	17,061
Total		<u><u>17,849,606</u></u>	<u><u>17,430,583</u></u>

Notes forming part of the Financial Statements 1 to 16

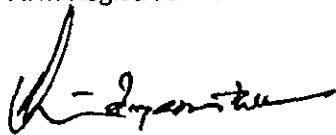
As per our report of even date

For V. Vaidyanathan & Co.

Chartered Accountants

Firm Registration. No. : 111225W

For and on behalf of the Board of Directors

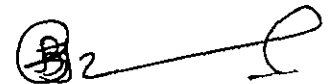

V. Vaidyanathan

Partner

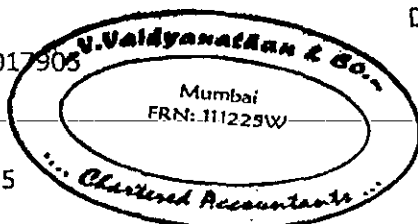
Membership No. : 017903



Umesh Saraf
Director



Bimal K. Jhunjunwala
Director



Place: Mumbai

Date: 07th April 2015

Place: Kolkata

Date: 05th April 2015

Regency Convention Centre and Hotels Limited

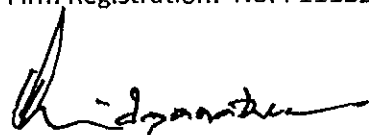
STATEMENT OF PROFIT AND LOSS for the Year Ended 31st March 2015

		Amount in	
	Notes	Year Ended 31st March 2015	Year Ended 31st March 2014
INCOME			
Revenue from Operations		-	-
Other Income		-	-
EXPENDITURE			
Employee Benefits Expense	10	110,000	97,000
Other Expenses	11	31,015	29,087
		141,015	126,087
PROFIT/(LOSS) BEFORE TAX		(141,015)	(126,087)
TAX EXPENSES			
Current Tax		-	-
Deferred Tax		-	-
PROFIT/(LOSS) AFTER TAX		(141,015)	(126,087)
Earnings per equity share			
(a) Basic		(0.91)	(0.81)
(b) Diluted		(0.91)	(0.81)

Notes forming part of the Financial Statements 1 to 16

As per our report of even date

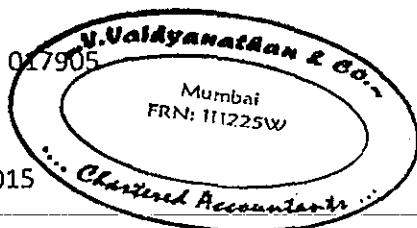
For V. Vaidyanathan & Co.
Chartered Accountants
Firm Registration. No. : 111225W



V. Vaidyanathan
Partner

Membership No. : 017905

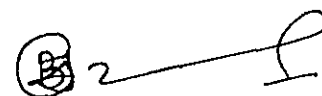
Place: Mumbai
Date: 07th April 2015



For and on behalf of the Board of Directors



Umesh Saraf
Director



Bimal K. Jhunjhunwala
Director

Place: Kolkata
Date: 05th April 2015

Regency Convention Centre and Hotels Limited

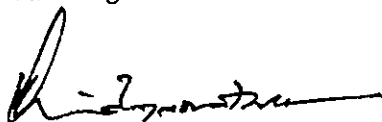
CASH FLOW STATEMENT for the Year Ended 31st March 2015

	Amount in	
	Year Ended 31st March 2015	Year Ended 31st March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(141,015)	(126,087)
Adjustments	-	-
Operating profit/(loss) before working capital changes	(141,015)	(126,087)
Adjustment for :		
Other current liabilities	10,038	12,269
Cash generated from operations	(130,977)	(113,818)
Direct taxes	-	-
Net Cash generated from/(used in) Operations	(130,977)	(113,818)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(299,784)	(631,915)
Net Cash flow from/(used in) Investing Activities	(299,784)	(631,915)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	550,000	700,000
Net cash flow from/(used in) Financing Activities	550,000	700,000
Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	119,239	(45,733)
Cash and cash equivalents at the beginning of the year	17,061	62,794
Cash and cash equivalents at the end of the year	136,300	17,061

Notes forming part of the Financial Statements 1 to 16

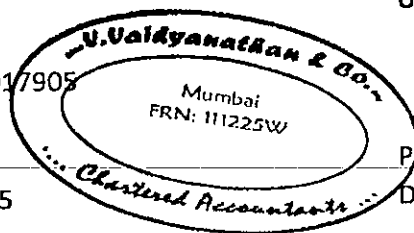
As per our report of even date

For V. Vaidyanathan & Co.
Chartered Accountants
Firm Registration. No. : 111225W



V. Vaidyanathan
Partner
Membership No. : 017905

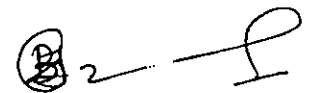
Place: Mumbai
Date: 07th April 2015



For and on behalf of the Board of Directors



Umesh Saraf
Director



Bimal K. Jhunjunwala
Director

Place: Kolkata
Date: 05th April 2015

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2015

1. Company Overview

The Company is a subsidiary of Asian Hotel (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.

2. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards (AS) notified under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Significant Accounting Policies

a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting 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.

b. Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/amortization. Cost represents the direct expenses incurred on acquisition/construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

c. Depreciation

Since there are no assets other than the expenditures related to land as referred above, no depreciation has been provided.

d. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

e. Income Taxes

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

f. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2015

g. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short-term deposits with Banks less short-term advances from Banks.

	As at 31st March 2015	As at 31st March 2014
3. Share Capital		
Authorised Shares		
2,50,000 (31 st March 2014: 2,50,000) Equity Shares of ₹10/- each	2,50,000	2,50,000
Issued, Subscribed and fully Paid-up Shares		
1,55,357 (31 st March 2014: 1,55,357) Equity Shares of ₹10/- each	1,55,357	1,55,357
	<u>1,55,357</u>	<u>1,55,357</u>

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

Equity Shares	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	155,357	1,553,570	155,357	1,553,570
Issued during the year	-	-	-	-
At the end of the year	<u>155,357</u>	<u>1,553,570</u>	<u>155,357</u>	<u>1,553,570</u>

3.2 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.

3.3 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 31st March 2015	As at 31st March 2014
Asian Hotels (East) Limited, the Holding Company		
91,652 (31 st March 2014: 91,652) equity shares of ₹10 each fully paid	916,520	916,520

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

Equity shares	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Asian Hotels (East) Limited	91,652	58.99	91,652	58.99
Mr. S. Kapur	11,250	7.24	11,250	7.24
Ms. Farhath S. Kapur	11,250	7.24	11,250	7.24
Mr. Joy S. Kapur	11,250	7.24	11,250	7.24
Ms. Yash Kapur	11,250	7.24	11,250	7.24
Mohd. H. Merchant	10,424	6.71	10,424	6.71

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2015

	As at 31st March 2015	As at 31st March 2014
4. Reserves and Surplus		
Surplus/(deficit) in the Statement of Profit and Loss		
Balance as per the last financial statements	(347,426)	(221,339)
Add: Profit/(Loss) for the year	(141,015)	(126,087)
Net surplus/(deficit) in the Statement of Profit and Loss	<u>(488,441)</u>	<u>(347,426)</u>
5. Short Term Borrowings		
Loan from related party repayable on demand (unsecured) (refer note 15)	12,119,474	11,569,474
Loan from other parties repayable on demand (unsecured)	4,615,784	4,615,784
	<u>16,735,258</u>	<u>16,185,258</u>
6. Other Current Liabilities		
Other Payables		
TDS payable	-	18,039
Expenses Payable	49,219	21,142
	<u>49,219</u>	<u>39,181</u>
7. Fixed Assets - Tangible Assets *		
Interest in Land at Sahar, CSI Airport, Mumbai	17,328,752	16,696,837
Add:- Expenses capitalised during the year		
Professional and legal fees	28,127	569,546
Travelling expenses	271,657	62,369
	<u>17,628,536</u>	<u>17,328,752</u>
<p>* The cost of property represents the earnest money paid for the property, 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.</p> <p>Negotiation based on AAI's offer of an equivalent alternate pocket of land at CSI Airport, Mumbai in lieu of the suit land admeasuring 31,000 sq.mtr. is going on. The Company is hopeful of the outcome of the said negotiation.</p>		
8. Long Term Loans and Advances		
Other loans & advances		
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	84,770	84,770
	<u>84,770</u>	<u>84,770</u>
9. Cash & Bank Balances		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	134,184	13,669
Cash-on-hand	2,116	3,392
	<u>136,300</u>	<u>17,061</u>

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Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2015

	Year Ended 31st March 2015	Amount in Year Ended 31st March 2014
10. Employee Benefit Expenses		
Salaries and wages	110,000	97,000
	<u>110,000</u>	<u>97,000</u>
11. Other Expenses		
Rates and taxes	2,500	2,500
Legal & Professional Expenses	14,392	9,368
Filing fees	2,596	1,667
Payment to auditor	11,236	11,236
Miscellaneous expenses	291	4,316
	<u>31,015</u>	<u>29,087</u>
12. Earnings per Share		
(i) Profit available for Equity Shareholders	(141,015)	(126,087)
(ii) Weighted average number of Equity Shares @ ₹10 each	155,357	155,357
(iii) Earnings/(Loss) per share (₹)	(0.91)	(0.81)

13. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), 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) Sara Hospitality Limited, Hong Kong |
| (ii) Nepal Travel Agency Pvt. Ltd., Nepal | (xiii) Juniper Investments Limited |
| (iii) Unison Hotels Private Limited | (xiv) Chartered Hotels Pvt. Ltd. |
| (iv) Triumph Realty Pvt. Ltd. | (xv) Chartered Hampi Hotels Pvt. Ltd. |
| (v) Vedic Hotels Limited | (xvi) Blue Energy Private Limited |
| (vi) Unison Power Limited | (xvii) Footsteps of Buddha Hotels Private Limited |
| (vii) Unison Hotels South Private Limited | (xviii) Sara International Limited, Hong Kong |
| (viii) Juniper Hotels Private Limited | (xix) Samra Importex Private Limited |
| (ix) Yak & Yeti Hotels Limited, Nepal | (xx) Forex Finance Private Limited |
| (x) Taragaon Regency Hotels Limited, Nepal | (xxi) Saraf Industries Limited, Mauritius |
| (xi) Saraf Investments Limited, Mauritius | (xxii) Saraf Hotels Limited, Mauritius |

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Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2015

Amount in

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

<u>Transactions</u>	<u>31st March 2015</u>	<u>31st March 2014</u>
Services Availed during the Year		
Unison Hotels Private Limited	76,985	34,082
Juniper Hotels Private Limited	38,333	-
Investment made by Holding Company		
During the year	-	-
Year end balance	916,520	916,520
Loans & Advances taken from Holding Company		
During the year	550,000	700,000
Year end balance	12,119,474	11,569,474

14. 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.

15. Amount of loans and advances in the nature of loans outstanding to Holding Company carrying no interest and repayable on demand as at 31st March 2015

Holding Company	<u>Outstanding as on</u>		<u>Maximum amount outstanding during the year</u>	
	<u>31st March 2015</u>	<u>31st March 2014</u>	<u>31st March 2015</u>	<u>31st March 2014</u>
Asian Hotels (East) Limited	12,119,474	11,569,474	12,119,474	11,569,474

16. Previous year figures have been re-grouped and re-classified wherever considered necessary to conform to current year's classification.

As per our report of even date
For V. Vaidyanathan & Co.
Chartered Accountants
Firm registration. No. : 111225W

V. Vaidyanathan
Partner
Membership No. : 011905
Place: Mumbai
Date: 07 April 2015



For and on behalf of the Board of Directors

(Signature) *(Signature)*

Umesh Saraf
Director

Bimal K. Jhunjhunwala
Director

Place: Kolkata
Date: 05 April 2015