

31st March, 2014

# ORCHID HOTELS PUNE PRIVATE LIMITED

(Formerly known as B W Highway Star Private Limited)

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

## 7<sup>TH</sup> ANNUAL REPORT

STATEMENT OF AUDITED ACCOUNTS

FOR THE YEAR ENDED

*31<sup>ST</sup> MARCH 2014*

AUDITORS  
MESSRS J.P.CHATURVEDI & CO  
Chartered Accountants

# ORCHID HOTELS PUNE PRIVATE LIMITED

(Formerly known as B W Highway Star Private Limited)  
BALANCE SHEET AS AT 31ST MARCH 2014

( ₹ in Lakhs)

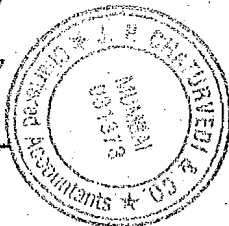
	Note No.	As at 31-Mar-2014	As at 31-Mar-2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2.1	1,176.47	1,176.47
Reserves and Surplus	2.2	86.67	1,635.93
		1,263.14	2,812.40
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	3.1	20,015.11	38,154.12
Other Long Term Liabilities	3.2	8.83	-
Long Term Provisions	3.3	19.86	14.44
		20,043.80	38,168.56
<b>CURRENT LIABILITIES</b>			
Trade Payables	4.1	390.33	387.97
Other Current Liabilities	4.2	24,129.09	5,654.84
Short Term Provisions	4.3	3.76	2.08
		24,523.18	6,044.89
<b>TOTAL</b>		<b>45,830.12</b>	<b>47,025.85</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets:</b>			
Tangible Assets	5.0	41,828.87	40,868.03
Intangible Assets	5.0	4.17	6.08
Capital Work-In-Progress	-	-	3,366.00
Deferred Tax Assets (Net)	6.0	2,634.90	1,914.36
Long Term Loans and Advances	7.0	133.72	128.72
		44,601.66	46,283.19
<b>CURRENT ASSETS</b>			
Inventories	8.0	86.75	76.83
Trade Receivables	9.0	127.81	155.53
Cash and Bank Balances	10.0	109.98	228.19
Short Term Loans and Advances	11.0	901.13	276.26
Other Current Asstes	12.0	2.79	5.85
		1,228.46	742.66
<b>TOTAL</b>		<b>45,830.12</b>	<b>47,025.85</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS. 1 to 28

As per our report of even date  
For J P Chaturvedi & Co.  
Chartered Accountants  
(Registration Number: 180274W)

J P Chaturvedi  
Proprietor  
Membership No.031073

Place: Mumbai  
Date: 13th May, 2014



For Orchid Hotels Pune Private Limited

*Vikram V. Kamat*  
Vikram V. Kamat  
Managing Director

*Pooja Sawarkar*  
Pooja Sawarkar  
Company Secretary

*Dinkar D. Jadhav*  
Dinkar D. Jadhav  
Director

*Swati Bauskar*  
Swati Bauskar  
Chief Financial Officer

# ORCHID HOTELS PUNE PRIVATE LIMITED

(Formerly known as B W Highway Star Private Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in Lakhs)

	Note No.	2013-14	2012-13
<b>INCOME</b>			
Income from Hotel Operations	13.0	2,446.46	2,868.71
Other Income	14.0	34.74	28.50
<b>Total Revenue</b>		<b>2,481.20</b>	<b>2,897.21</b>
<b>EXPENDITURE</b>			
Cost of Food and Beverages consumed	15.0	454.71	441.58
Employee Benefits Expenses	16.0	557.19	640.79
Other Expenses	18.0	1,328.58	1,521.98
<b>Total Expenses</b>		<b>2,340.48</b>	<b>2,604.35</b>
<b>Profit/(Loss) before Interest, Depreciation and Tax</b>		<b>140.72</b>	<b>292.86</b>
Finance Costs	17.0	1,438.65	2,452.11
Depreciation and Amortization Expense	5.0	971.86	906.58
<b>Profit/(Loss) before Tax</b>		<b>(2,269.79)</b>	<b>(3,065.83)</b>
Tax Expense:			
(1) Current Tax			
(2) Deferred Tax		(720.53)	(936.97)
<b>Profit (Loss) for the year</b>		<b>(1,549.26)</b>	<b>(2,128.86)</b>

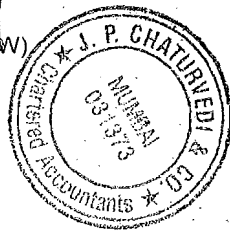
Earnings per Equity Share of face value of Rs. 10/- each

Basic & Diluted	(13.17)	(18.10)
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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS. 1 to 28

As per our report of even date  
For J P Chaturvedi & Co.  
Chartered Accountants  
(Registration Number: 130274W)

J P Chaturvedi  
Proprietor  
Membership No. 031073



Place: Mumbai  
Date: 13th May, 2014

For Orchid Hotels Pune Private Limited

*Vikram V. Kamat*  
Vikram V. Kamat  
Managing Director

*Pooja Sawarkar*  
Pooja Sawarkar  
Company Secretary

*Dinkar D. Jadhav*  
Dinkar D. Jadhav  
Director

*SB Bauskar*  
Swati Dauskar  
Chief Financial Officer

**ORCHID HOTELS PUNE PRIVATE LIMITED**  
(Formerly known as B W Highway Star Private Limited)  
**Cash Flow Statement for the year Ended 31st March 2014**

P A R T I C U L A R S	2013-14	2012-13
( ₹ in Lakhs )		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit/(Loss) before tax as per Statement Profit and Loss	(2,269.79)	(3,065.83)
<i>Adjustment for:</i>		
Depreciation and Amortization Expense	971.87	906.58
Provision for Gratuity	7.14	3.50
Provision for Earned Leave	0.48	0.19
Provision for Bad and Doubtful Debts	1.63	
Liabilities and Provisions written back	(12.92)	(6.90)
Interest income	(10.95)	(17.63)
Finance Cost	1,438.65	2,452.12
	<u>2,395.90</u>	<u>3,337.86</u>
<b>Operating Profit/(Loss) before working capital changes</b>	<b>126.11</b>	<b>272.03</b>
<i>Adjusted for:</i>		
Trade and other receivables	(213.11)	(286.36)
Increase in Inventories	(9.92)	(6.58)
Trade and other Payables	(20.24)	312.00
	<u>(243.27)</u>	<u>19.06</u>
<b>Cash generated from/(used for) operations</b>	<b>(117.16)</b>	<b>291.09</b>
Direct Taxes Paid	(36.89)	(27.77)
<b>Net cash from/(used for) operating activities</b>	<b>(154.05)</b>	<b>263.32</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work in Progress)	(136.76)	(5,860.71)
Margin Money with Banks	61.97	
Interest Received	14.01	16.25
	<u>(60.78)</u>	<u>(5,844.46)</u>
<b>Net Cash generated from / ( used in ) Investing Activities</b>	<b>(60.78)</b>	<b>(5,844.46)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long term borrowings	368.71	2,326.85
Loan from Holding Company	-	4,120.95
Repayment of Loan from Holding Company	(2.59)	
Proceeds from Bank Loan	304.00	3,696.00
Repayment of Current Maturities of Long Term Borrowings	-	(600.00)
Repayment of Bank Loan	(242.69)	(1,082.80)
Interest paid	(268.84)	(2,807.40)
	<u>158.59</u>	<u>5,653.60</u>
<b>Net Cash generated from / ( used in ) Financing Activities</b>	<b>158.59</b>	<b>5,653.60</b>
<b>Net Increase/ (Decrease ) in Cash and Cash Equivalents</b>	<b>(56.24)</b>	<b>72.46</b>
Opening Balance of Cash and Cash Equivalents	98.12	25.67
Closing Balance of Cash and Cash Equivalents	41.88	98.13

As per our report of even date  
For J.P. Chaturvedi & Co.,  
Chartered Accountants  
(Registration Number: 138274W)

J.P. Chaturvedi  
Proprietor  
Membership No. 031073



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

Vikram V. Kamat  
Managing Director

Dinkar D. Jadhav  
Director

Pooja Sawarkar  
Company Secretary

Swati Bauskar  
Chief Financial Officer

Place: Mumbai  
Date: 13th May 2014

**ORCHID HOTELS PUNE PRIVATE LIMITED**  
(Formerly known as B W Highway Star Private Limited)  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH , 2014**

**BACKGROUND**

Orchid Hotels Pune Private Limited ("the Company" or "OHPPL") was incorporated as B W Highway Star Private Limited in India on 21st April, 2007 as a private limited company under the Companies Act, 1956 with its registered office located in Mumbai. The Company was renamed as OHPPL on 13th April 2012. OHPPL is a 100% subsidiary of Kamat Hotel (India) Limited.

Orchid Hotels Pune Private Limited is operating in hospitality sector, with its hotels and restaurants located in Pune.

**1.0 SIGNIFICANT ACCOUNTING POLICIES:**

**1.1 Basis for preparation of financial statements:**

The Financial Statements are prepared under the historical cost convention on accrual basis of accounting in accordance with Accounting Principles Generally Accepted in India and are in compliance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**1.2 Use of estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**1.3 Fixed assets and depreciation:**

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of acquisition includes inward freight, duties, taxes and other directly attributable incidental expenses including foreign exchange fluctuation gains / losses on depreciable assets and borrowing cost.

Depreciation on fixed assets is provided on the straight line method pro-rata to the period of use at the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 which are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management's estimate of the useful life / remaining useful life. Buildings taken on lease and Leasehold Improvements are written off over the primary lease period. Individual assets costing less than Rs 5,000/- are depreciated in full in the year of purchase.

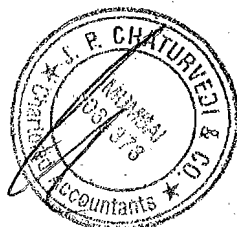
**1.4 Impairment:**

In accordance with Accounting Standard 28 Impairment of Assets (AS 28) as notified by the Companies (Accounting Standards) Rules 2006, the carrying amounts of the company's assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds, its recoverable amount.

**1.5 Leases:**

Lease payment under an operating lease is recognised as an expense in the Statement of Profit and Loss as per the terms of the respective Lease Agreement.

Assets taken on finance lease are capitalized and finance charges are charged to Statement of Profit and Loss on accrual basis.



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
(Formerly known as B W Highway Star Private Limited)  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**1.6 Investments:**

Long term investments are carried at cost less any, diminution in value, other than temporary, determined separately for each individual investment.

**1.7 Inventories:**

Inventories are valued at lower of cost (weighted average basis) and net realizable value.

**1.8 Revenue Recognition:**

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognised as the related services are performed. Revenue from fixed price contracts are recognised using the percentage completion method. Revenue yet to be billed is recognised as unbilled revenue. Amounts received on long term contracts are represented as advance billing and is recognised proportionately over the period of the contract.

Sales and services are stated exclusive of taxes.

Interest income is recognised using the time proportion method based on the underlying interest rates. Dividends are recorded when the right to receive payment is established.

**1.9 Foreign exchange transactions:**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions other than long term foreign currency items of assets and liabilities having a term of twelve months or more, and settled during the year are recognised in the Statement of Profit and Loss of the year.

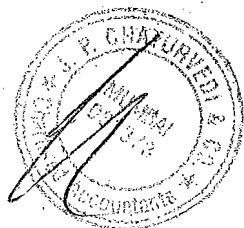
Monetary assets and liabilities denominated in foreign currency at the balance sheet date other than long term foreign currency items of assets and liabilities having a term of twelve months or more as discussed herein below, are translated at the yearend exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss. Exchange differences relating to long term foreign currency items of assets and liabilities having a term of twelve months or more as covered in the Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Government of India on 31st March 2009 in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the assets and depreciated over the balance useful life of the asset, and in other cases are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item in accordance with the aforesaid Notification.

**1.10 Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. However, capitalization of such costs is suspended during extended periods in which active development of qualifying asset is interrupted. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised in the Statement of Profit and Loss. Interest income earned from temporary deposits out of borrowed money pending deployment of funds to the full extent or until qualifying assets is ready, is reduced from borrowing costs capitalized.

**1.11 Provisions and contingent liabilities:**

The Company creates a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.



## ORCHID HOTELS PUNE PRIVATE LIMITED

(Formerly known as B W Highway Star Private Limited)

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

#### 1.12 Taxation:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

#### 1.13 Prior Period Adjustments, Extraordinary items and changes in Accounting Policies:

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

#### 1.14 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### 1.15 Employee Benefits:

##### (a) Provident Fund:

Contribution to provident fund, which is a defined contribution scheme, is recognized as an expense in the Statement of Profit and Loss in the year in which it accrues.

##### (b) Gratuity:

The Company accounts for the net present value of its obligation for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out annually. Actuarial gains and losses are immediately recognized in the Statement of Profit and Loss.

##### (c) Compensated Absences

Provision for Compensated Absences is determined on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date.



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
(Formerly known as B W Highway Star Private Limited)  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lakhs)

**2.1 SHARE CAPITAL:**

	As at 31-Mar-14	As at 31-Mar-13
Authorised:		
2,50,00,000 Equity shares of ₹ 10/- each	2,500.00	2,500.00
	2,500.00	2,500.00
Issued, Subscribed and Fully Paid up:		
1,17,64,706 Equity Shares of ₹ 10/- each fully paid	1,176.47	1,176.47
TOTAL	1,176.47	1,176.47

**2.1.1** The Company has only one class of shares referred to as equity shares having a face value of ₹ 10/-. Each holder is entitled to one vote per share.

**2.1.2** Reconciliation of the number of shares outstanding:

	31-Mar-14	31-Mar-13
Number of Equity Shares at the beginning of the Year / Period	11,764,706	11,764,706
Add/(Less): Any movement during the Year		
Number of Equity Shares at the end of the Year / Period	11,764,706	11,764,706

**2.1.3** In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.1.4** The details of shareholders holding more than 5% shares:

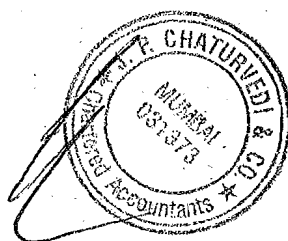
	As at 31-Mar-14		As at 31-Mar-13	
	Number of shares	% held	Number of shares	% held
Name of the Shareholder				
Kamat Hotels (India) Limited	11,764,706	100.00%	11,764,706	100.00%
	11,764,706	100%	11,764,706	100%

**2.1.5** Particulars of shares held by specified categories:

	As at 31-Mar-14		As at 31-Mar-13	
	No. of shares	% held	No. of shares	% held
By Holding Company	11,764,706	100.00%	11,764,706	100.00%
	11,764,706	100.00%	11,764,706	100.00%

**2.2 RESERVES AND SURPLUS**

	As at 31-Mar-14	As at 31-Mar-13
Securities Premium Reserve		
As per Last Balance Sheet	6,379.63	6,379.63
Surplus/(deficit) in the Statement of Profit and Loss		
As per Last Balance Sheet	(4,743.70)	(2,614.84)
Add/(Less): Net Profit/(Loss) after Tax transferred from Statement of Profit and Loss	(1,549.26)	(2,128.86)
Balance in Statement of Profit and Loss	(6,292.96)	(4,743.70)
TOTAL	86.67	1,635.93





**ORCHID HOTELS PUNE PRIVATE LIMITED**  
(Formerly known as B W Highway Star Private Limited)  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lakhs)

**3.1 LONG TERM BORROWINGS**

	31-Mar-14		31-Mar-13	
	Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities
<b>Secured:</b>				
Term Loans from Banks: (Assigned to ARCIL during the year). ICICI-Bank Limited (Limit ₹ 193.00 Crores) (Note 3.1.1 below & 3.1.2)		17,421.31	15,492.90	1,867.10
<b>Unsecured:</b>				
Other Loans and Advances: Kamats Hotels (India) Limited (Holding Company)(Note 3.1.3 below).	19,646.40	-	19,648.99	-
Placewell Jobs Private Limited		-	3,012.23	-
Plaza Hotels Private Limited	303.71	-		
Kamats Developers Pvt. Ltd.	65.00	-		
<b>TOTAL</b>	<b>20,015.11</b>	<b>17,421.31</b>	<b>38,154.12</b>	<b>1,867.10</b>

**Nature of Securities**

**3.1.1** Term loans from Bank were taken during the Financial year 2007-08, 2008-09 and 2012-13 which carry Interest @ 12.5% - 16% p.a. The loans are repayable in 30/32 Quarterly Instalments ranging from Rs 186.70 Lakhs beginning from 31/12/2011 to Rs 794.40 Lakhs ending on 31/12/2021 and interest is payable on monthly basis. The Loan is secured by first charge on all movable and immovable fixed assets of the company both present and future, secured by exclusive charge by way of hypothecation of the stocks, current assets including book debts, bills receivables both present and future, guaranteed by corporate guarantee of Kamat Hotels (India) Ltd (Holding Co.) and personal guarantees of some Directors. These loans have been assigned by the Bank to ARCIL vide Assignment Agreement dated 27th September, 2013.

3.1.2 Particulars of Term Loans from Banks- Secured- Guaranteed:	As at	As at
	31-Mar-14	31-Mar-13
(i) By Directors	17,421.31	17,360.00
(ii) By Holding Company	17,421.31	17,360.00

**3.1.3** The unsecured loans taken from Holding Company Kamat Hotels (India) Limited is repayable as per the terms of loan agreement dated 17th March, 2010 and subsequent modifications thereafter subject to availability of funds. The Loans carry interest of 14.25% p.a which is subject to revision based on average cost of borrowings to the Holding Company, which will be adjusted at the year end. However no interest has been provided on the loan from subsidiary based on the request made by the Company w.e.f 1st jan 2014.

**3.2 OTHER LONG TERM LIABILITIES (NON CURRENT)**

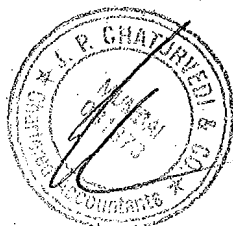
	As at	As at
	31-Mar-14	31-Mar-13
Security Deposits - Others	8.83	-
<b>TOTAL</b>	<b>8.83</b>	<b>-</b>

**3.3 LONG TERM PROVISIONS:**

	As at	As at
	31-Mar-14	31-Mar-13
Provision for long service awards to employee	19.86	14.44
<b>TOTAL</b>	<b>19.86</b>	<b>14.44</b>

**4.1 TRADE PAYABLES**

	As at	As at
	31-Mar-14	31-Mar-13
Due to Related Parties	31.38	39.28
Sundry Creditors	358.95	348.69
<b>TOTAL</b>	<b>390.33</b>	<b>387.97</b>



**ORCHID HOTELS PUNE PRIVATE LIMITED**

(Formerly known as B W Highway Star Private Limited)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lakhs)

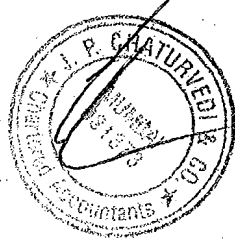
**4.2 OTHER CURRENT LIABILITIES**

	As at 31-Mar-14	As at 31-Mar-13
Current Maturities of Long term Borrowings	17,421.31	1,867.10
Interest accrued and due - Bank	1,418.68	223.69
Interest accrued but not due - Related Parties	4,205.34	2,387.43
Creditors for Capital Expenditure	169.81	311.02
Advance from Customers	62.84	69.89
Due to Issue of Cheques	0.72	11.99
ICICI Bank BG Devolvement A/C	179.44	195.70
Other Payables *	670.95	588.02
<b>TOTAL</b>	<b>24,129.09</b>	<b>5,654.84</b>

\* Includes Statutory dues, Tender Deposit taken

**4.3 SHORT TERM PROVISIONS:**

	As at 31-Mar-14	As at 31-Mar-13
Provision for employee benefits - Current	3.76	2.08
<b>TOTAL</b>	<b>3.76</b>	<b>2.08</b>



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
(Formerly known as B W Highway Star Private Limited)  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**5.0 FIXED ASSETS**

(₹ in Lakhs)

Gross Block (At Cost / Revalued)	As at 01/04/2013	Additions during the Year / Period	Deductions / Retirements during the year / Period	As at 31/03/2014
<b>(a) Tangible Assets</b>				
Leasehold Improvements	38,403.61	1,974.17	49.06	40,328.72
Furniture and Fixtures	365.63	0.65	-	366.28
Plant and Equipment	3,942.49	5.04	-	3,947.53
Office Equipment	44.49	-	-	44.49
	<u>42,756.22</u>	<u>1,979.86</u>	<u>49.06</u>	<u>44,687.02</u>
<b>(b) Intangible Assets</b>				
Computer Software	11.82	-	-	11.82
	<u>11.82</u>	<u>-</u>	<u>-</u>	<u>11.82</u>
<b>TOTAL</b>	<u>42,768.04</u>	<u>1,979.86</u>	<u>49.06</u>	<u>44,698.84</u>

**Depreciation and Amortization**

**(a) Tangible Assets**

	As at 01/04/2013	Charge for the Year / Period	Upto 31/03/2014
Leasehold Improvements	1,081.64	719.47	1,801.11
Furniture and Fixtures	82.61	34.82	117.43
Plant and Equipment	695.22	208.49	903.71
Office Equipment	28.73	7.16	35.89
	<u>1,888.20</u>	<u>969.94</u>	<u>2,858.14</u>

**(b) Intangible Assets**

Computer Software	5.74	1.92	7.66
	<u>5.74</u>	<u>1.92</u>	<u>7.66</u>
<b>TOTAL</b>	<u>1,893.94</u>	<u>971.86</u>	<u>2,865.80</u>

**Net Book Value**

As at 31/03/2014      As at 31/03/2013

**(a) Tangible Assets**

Leasehold Improvements	38,527.60	37,321.98
Furniture and Fixtures	248.85	283.02
Plant and Equipment	3,043.82	3,247.27
Office Equipment	8.60	15.76
	<u>41,828.87</u>	<u>40,868.03</u>

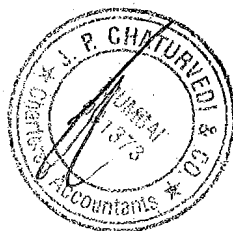
**(b) Intangible Assets**

Computer Software	4.17	6.08
<b>TOTAL</b>	<u>4.17</u>	<u>6.08</u>

41,833.04      40,874.11

Notes:

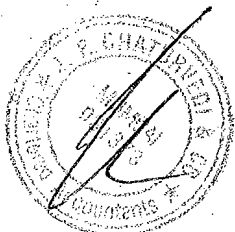
The Company has constructed two hotels on lease hold land belonging to Director of Sports and Youth Services, Govt. of Maharashtra under Concessionaire Agreement dated 16th July 2007 for a term of 60 years



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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(₹ in Lakhs)

	As at 31-Mar-14	As at 31-Mar-13
<b>Capital work in progress:</b>		
Opening Balance	3,366.00	-
Add: Further incurred during the year	-	3,366.00
Add: Expenses Pending Allocation added during the year	-	-
	3,366.00	3,366.00
Less: Capital work in progress allocated to Fixed Assets	3,366.00	-
Closing Balance	-	3,366.00
<b>6.0 DEFERRED TAX ASSETS</b>		
	As at 31-Mar-14	As at 31-Mar-13
Deferred Tax Liability Related to Fixed Assets	2,815.84	2,001.90
Deferred Tax Assets		
Disallowances under Income Tax Act, 1961	35.15	23.80
Carried forward Depreciation Allowance and Business Loss	5,415.59	3,892.46
TOTAL	5,450.74	3,916.26
<b>DEFERRED TAX ASSETS (NET)</b>	2,634.90	1,914.36
<b>7.0 LONG TERM LOANS AND ADVANCES:</b> (Unsecured, considered good)		
	As at 31-Mar-14	As at 31-Mar-13
Capital Advances	-	11.26
Security Deposits	133.72	117.46
TOTAL	133.72	128.72
<b>8.0 INVENTORIES:</b> (Valued at lower of cost and net realizable value)		
	As at 31-Mar-14	As at 31-Mar-13
Stock of Liquor, Provision, etc. (As per inventories valued and certified by the Management)	86.75	76.83
TOTAL	86.75	76.83
<b>9.0 TRADE RECEIVABLES:</b> (Unsecured, considered good unless otherwise stated)		
	As at 31-Mar-14	As at 31-Mar-13
A. Outstanding for six months from the date they are due for payment	6.24	11.47
Less: Provision for doubtful debts	1.63	-
	4.61	11.47
B. Other receivables	123.20	144.06
Less: Provision for doubtful debts	-	-
	123.20	144.06
Total (A + B)	127.81	155.53



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lakhs)

**10.0 CASH AND BANK BALANCES:**

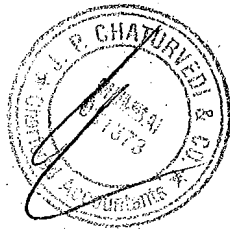
	As at 31-Mar-14	As at 31-Mar-13
<b>Cash and cash equivalents:</b>		
Balances with banks:		
On current accounts	35.14	93.00
Cash on hand	6.73	5.12
	41.87	98.12
<b>Other Bank Balance</b>		
Margin Money in Fixed deposit with Banks with Maturity of more than 12 Months	68.11	130.07
<b>TOTAL</b>	109.98	228.19

**11.0 SHORT TERM LOANS AND ADVANCES:**

	As at 31-Mar-14	As at 31-Mar-13
(Unsecured, considered good)		
Balances with Tax Authorities	7.23	4.51
Payment of income tax (net of provision for taxation)	85.24	48.35
Prepaid Expenses	16.42	154.60
Loans to Employees	0.14	0.54
Supplier Advances	5.32	68.26
Loans and Advances - Others (Includes advance Lease Rent to Directors Sports)	786.78	-
<b>TOTAL</b>	901.13	276.26

**12.0 OTHER CURRENT ASSETS**

	As at 31-Mar-14	As at 31-Mar-13
Interest Receivable on Electricity Deposit	-	5.14
Interest Receivable on Bank Fixed Deposits	2.79	0.71
<b>TOTAL</b>	2.79	5.85



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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(₹ in Lakhs)

13.0 REVENUE FROM OPERATIONS:	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
<b>HOTEL OPERATIONS:</b>		
<b>Sale of services:</b>		
<b>Rooms, Restaurants, Bar, Banquets, etc.:</b>		
Rooms	1,028.47	1,198.68
Food and Beverages	1,107.81	1,182.82
Wines and Liquor	146.18	143.10
(A)	2,282.46	2,524.60
<b>Other Operating revenue:</b>		
Telephones and Internet Services	0.34	0.22
Membership- Sales Promotion Schemes		3.67
Laundry Services	9.11	14.95
Leave and License Fees	21.35	14.30
Conferences and Banqueting Services	108.34	284.03
Car Rental and Transportation	10.53	13.44
Space Rent from Telecom Operators	11.04	10.10
Other services	3.29	3.39
(B)	164.00	344.10
<b>TOTAL</b>	<b>(A+B) 2,446.46</b>	<b>2,868.70</b>
<b>14.0 OTHER INCOME:</b>		
	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
Gain on Foreign Exchange	1.06	0.07
Miscellaneous Income	8.82	3.21
Commission Earned	0.99	0.70
Liabilities and Provisions written back	12.92	6.90
	23.79	10.88
<b>Interest Earned:</b>		
Interest Earned on Bank Fixed Deposit	10.95	15.49
Interest Earned on ICD		2.13
	10.95	17.62
<b>TOTAL</b>	<b>34.74</b>	<b>28.50</b>
<b>15.0 COST OF FOOD AND BEVERAGE CONSUMED:</b>		
	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
Opening Stock	17.29	10.38
Add: Purchases	473.76	448.49
	491.05	458.87
Less: Closing Stock	36.34	17.29
<b>TOTAL</b>	<b>454.71</b>	<b>441.58</b>
<b>16.0 EMPLOYEE BENEFITS EXPENSE:</b>		
	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
Salaries & Wages	450.95	527.30
Contribution to Provident and other Funds	20.82	24.41
Provision for Gratuity	7.14	3.50
Provision for Leave Encashment	0.47	0.19
Staff Welfare Expenses	77.81	85.39
<b>TOTAL</b>	<b>557.19</b>	<b>640.79</b>



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lakhs)

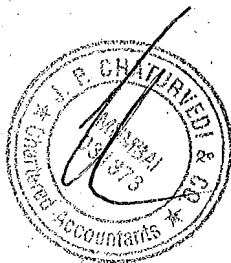
**17.0 FINANCE COST:**

	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
Interest to bank (Note 17.1 below)	1,435.09	2,405.46
Interest to Others	-	46.48
Other Borrowing Cost	3.56	0.17
<b>TOTAL</b>	<b>1,438.65</b>	<b>2,452.11</b>

**17.1** No interest has been provided on bank loan from 1st October, 2013 onwards and the account has become NPA.

**18.0 OTHER EXPENSES:**

	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
<b>Operating Expenses</b>		
Electricity Charges	408.44	433.68
Gas and Fuel	100.24	86.65
Lease Premium to Director of Sports	189.58	189.58
Licence, Rates and Taxes	194.07	228.84
Expenses on Apartments and Board	57.14	77.36
Sanitation and Laundry (net)	24.68	37.09
Repairs to Building	19.39	22.07
Repairs to Plant and Machinery	37.54	42.90
Repairs to Others	4.29	13.51
Replacements of operating supplies	7.61	4.04
Hire Charges	20.29	54.52
Water Charges	29.41	41.48
	1,092.68	1,231.72
<b>Sales &amp; Marketing Expenses</b>		
Advertisement Charges	6.68	13.59
Sales Promotion and Marketing Expenses	7.59	9.92
Commission, Rebates, Short Recoveries, etc.	41.41	45.15
Management Consultancy fees and Royalty	75.46	105.41
Band and Music Expenses	17.16	18.10
	148.30	192.17
<b>Admin &amp; General Expenses</b>		
Insurance	12.94	12.01
Travelling and Conveyance	4.54	7.66
Printing and Stationery	11.37	14.60
Telecommunication Expenses	8.88	9.78
Vehicle expenses	7.19	2.84
Legal, Professional and Consultancy Charges	12.25	25.78
Auditors Remuneration	0.91	1.08
ESIC Assessment Dues	1.72	-
Provision for Bad/Doubtful debts	1.63	-
Loss due to Fire	-	8.50
Miscellaneous Expenses	26.17	15.84
	87.60	98.09
<b>TOTAL</b>	<b>1,328.58</b>	<b>1,521.98</b>



**ORCHID HOTELS PUNE PRIVATE LIMITED**

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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014****19.0 PAYMENT TO AUDITORS AS:**

	01/04/2013 to 31/03/2014	01/04/2012 to 31/03/2013
Statutory Audit Fees	0.80	1.00
Certification and Consultation fees	0.01	0.08
Service Tax (Net of input credit taken)	0.10	-
<b>TOTAL</b>	<b>0.91</b>	<b>1.08</b>

**20.0 EXPENDITURE IN FOREIGN CURRENCY:**

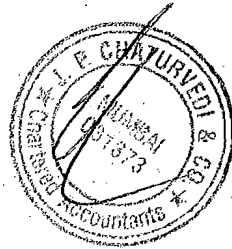
	2013-2014	2012-2013
Commission paid on Room Bookings	1.38	4.60
<b>TOTAL</b>	<b>1.38</b>	<b>4.60</b>

**21.0 EARNINGS PER SHARE (EPS)**

	2013-14	2012-13
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(1,549.26)	(2,128.86)
Weighted Average number of equity shares used as denominator for calculating EPS	11,764,706	11,764,706
Basic and Diluted Earnings Per Shares ₹	(13.17)	(18.10)
Face Value per equity share ₹	10.00	10.00

**22.0 EARNINGS IN FOREIGN EXCHANGE**

	2013-14	2012-13
For Hotel Services rendered	12.90	7.89





**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**23.0 RELATED PARTY DISCLOSURES:**

Related Parties where control exists:

**(a) Holding Company**

Kamat Hotels (India) Limited (from 21st May, 2009)

**(b) Associates:**

Plaza Hotels Private Limited  
Placewell Jobs Private Limited  
Kamats Development Pvt. Ltd.

**(c) Key Management Personnel**

Mr. Vikram V. Kamat      Managing Director

(d) Summary of transactions during the year with Related Parties entered into on commercial basis in the interest of the Company and approved by the Board and status of outstanding balances as on 31st March, 2014:

(₹ In Lakhs)

Sr. No.	Nature of transactions	Holding Company	Associates	TOTAL
1	Management Consultancy Fees Incurred	83.18	NIL	83.18
		(96.97)	(NIL)	(96.97)
2	Interest on Long term loans taken*	1,843.10	NIL	1,843.10
		(2,271.31)	(NIL)	(2,271.31)
3	Advances received on Capital/Current Account	NIL	NIL	-
		(4,152.02)	(NIL)	(4,152.02)
4	Loans taken during the year	(NIL)	404.00	404.00
		(NIL)	(NIL)	(NIL)
5	Advances repaid during the year	7.90	25.00	32.90
		(NIL)	(NIL)	(NIL)
6	Advances given during the year	NIL	634.44	634.44
		(NIL)	(NIL)	(NIL)
7	Repayment of Loans	2.59	35.29	37.88
		(NIL)	(600.00)	(600.00)
8	Balance outstanding at the year end:			
	Accounts Payable	23,875.94	375.90	24,251.84
		(22,043.52)	(32.18)	(22,075.70)
9	Project Advance	NIL	634.44	634.44
		(NIL)	(NIL)	(NIL)
10	Corporate Guarantee provided by Kamat Hotel (India) Limited on behalf of the Company	20,434.00	NIL	20,434.00
		(20,434.00)	(NIL)	(20,434.00)
11	Corporate Guarantee Given to bankers for Credit Facility availed by Kamat Hotels (India) Limited.	38,583.00	NIL	NIL
		(NIL)	(NIL)	(NIL)

\* No interest has been provided from 1st January, 2014 onwards.

\*\* Figures in brackets are for previous year.

**(e) Significant Related party Transactions**

Management Consultancy Fees of Rs. Rs. 31.38 lakhs is due to Kamat Hotels (India) Ltd.

Loans taken during the year Rs. 404.00 lakhs includes Rs. 100.00 lakhs from Kamats Development Pvt Ltd and Rs. 304.00 lakhs from Plaza Hotels Private Limited

Advances received on Capital/Current Account represents amount of Rs 9.31 lakhs from Kamat Hotels (India) Ltd.

Project Advances Given during the year to a Associate Company Placewell Jobs Pvt. Ltd. Rs.634.44 Lakhs

Corporate Guarantee provided by Kamat Hotel (India) Limited on behalf of the Company Rs 20,434.00 lakhs.

Accounts Payable includes amount of Rs 23,875.94 lakhs due to Kamat Hotels (India) Ltd

Accounts Payable includes amount of Rs 65.00 lakhs due to Kamats Development Pvt. Ltd, Rs. 310.90 lakhs due to Plaza Hotels Private Limited.

Company has given Corporate Guarantee to Bankers for Rs.38,583.00 lakhs on behalf of loan availed by Holding Company.

**24.0 CONTINGENT LIABILITY AND COMMITMENTS**

a) Estimated amount of capital commitments to be executed on capital account and not provided for NIL (Prev. year Rs. Nil) (Net of advances)



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH , 2014**

b) Open import licenses Rs. 1,008.74 Lakhs (Prev. Year Rs. 921.54 Lakhs)

c) Counter Guarantees issued by the Company to secure Bank Guarantees Rs.1,229.03 Lakhs (Previous year Rs. 1,229.03 Lakhs)

d) Claims against the Company in respect of disputed demand by Contractors pending in appropriate courts Rs.87.22 lakhs (Prev. year Rs. 87.22 lakhs) and disputed claim of additional premium Rs. 225.00 lakhs (Prev. year Rs 225.00 lakhs) by The Director of Sports govt. of Maharashtra.

**25.0 VALUE OF IMPORTS ON CIF BASIS**

	2013-14	2012-13
Capital Goods	Nil	Nil
TOTAL	<u>NIL</u>	<u>NIL</u>



**ORCHID HOTELS PUNE PRIVATE LIMITED**  
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

26.0 Disclosure as per Accounting Standard 15 (Revised) "Employee Benefits" as notified by the Companies (Accounting Standards) Rules, 2006:

(a) Defined Contribution Plan, recognized as expenses for the year are as under:

	2013-14	2012-13
Employer's Contribution to Provident and Pension Fund Rs.	20.82	24.41

The Company makes contributions towards provident fund and pension fund for qualifying employees to the Regional Provident Fund Commissioner.

(b) Defined Benefit Plan:

The Company provides gratuity benefit to its employees which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Particulars	2013-14		2012-13	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
<b>a) Change in Present Value of Obligation</b>				
Current Service Cost	3.40	5.09	3.97	1.96
Interest Cost	0.65	0.57	0.29	-
Actuarial (Gain) / Loss on Obligation	3.10	(1.32)	(0.76)	(8.67)
Benefits Paid		4.39		
Present value of the obligation at the end of the year	14.25	9.37	7.11	9.42
<b>b) Amounts Recognised in the Balance Sheet:</b>				
Present value of Obligation at the end of the year	14.25	9.37	7.11	9.42
Fair value of Plan Assets at the end of the year	-	-	-	-
Net Obligation at the end of the year	14.25	9.37	7.11	9.42
<b>c) Amounts Recognised in the Statement of Profit and Loss:</b>				
Current Service Cost	3.40	5.09	3.97	1.96
Interest cost on Obligation	0.65	0.57	0.29	-
Expected return on Plan Assets	-	-	-	-
Net Actuarial (Gain) / Loss recognised in the year	3.10	(1.32)	(0.76)	(8.67)
Net Cost Included in Personnel Expenses	7.14	4.34	3.50	(6.71)
<b>d) Actuarial Assumptions</b>				
i) Discount Rate	9.10%	9.10%	8.50%	8.50%
ii) Expected Rate of Return on Plan Assets	-	-	-	-
iii) Salary Escalation Rate	7.00%	7.00%	6.50%	6.50%
iv) Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

27.0 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

28.0 In respect of the Company's turnover of Food and Beverages, it is not possible to give quantity-wise details of such turnover. The Government of India, Ministry of Finance (Department of Company Affairs) vide their notification No. S.O.301 (E) dated 18.02.2011 has granted general exemption to Hotel Companies from giving these particulars in the accounts.

