

Independent Auditor's Report

**To,
The Members of
Mahodadhi Palace Private Limited**

Report on the financial statements

Opinion

We have audited the accompanying financial statements of **Mahodadhi Palace Private Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2020, and loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material uncertainty related to going concern

Reference is invited to note 38 of financial statements regarding preparation of financial statements on going concern basis. The Company has incurred loss in the current year, its accumulated losses are in excess of its paid up capital and reserves and its current liabilities are exceeding current assets. In view of the management going concern assumption is appropriate, considering (a) future prospectus of business from hotel property post expiry of operation and management arrangement with holding company; (b) fair value of the underlying hotel property; (c) commitment from the holding company for financial support from time to time; and (d) management's action to mitigate the impact of Covid-19 as described in note 38A of the financial statements.

Our opinion is not modified in respect of this matter. Further, the Material uncertainty related to going concern para was also reported in our independent audit report for financial year 2018-19 dated 14th May 2019. Our opinion was not modified in respect of above matter in previous year also.

Emphasis of matter

(a) Attention is invited to note 37 of financial statements. During the year, Company's hotel property in Orissa has been affected due to 'Cyclone Fani'. The Company has assessed the damages caused to the property and report of the insurance surveyor has been submitted to the insurance company. The Company has received insurance proceeds on account of final settlement in respect of one asset group whereas in respect of other asset group, final settlement is still pending. Based on the realisation of insurance proceeds and assessment of claim receivable, loss (net of insurance claim) of Rs. 264.43 lakhs has been accounted and disclosed as 'exceptional item' in the statement of profit and loss. In the view of management, no further loss is anticipated.

- (b) Attention is invited to note 38A of the financial statements, in respect of the possible effect of uncertainties relating to COVID-19 pandemic on the Company's financial performance as assessed by the management.

Our opinion is not modified in respect of above matters. Further, the 'Emphasis of Matter' for para (a) given above was also reported in our independent audit report for financial year 2018-19 dated 14th May 2019. Our opinion was not modified in respect of above matter in previous year also.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Corporate guarantee given on behalf of holding company - accounting treatment</i></p> <p>We refer to note 2.4(v) of notes to financial statement. The Company has given corporate guarantee (jointly with other fellow subsidiaries and group entities) on behalf of holding company aggregating to Rs. 38,583.00 lakhs towards loan facilities taken from banks / others by holding company in earlier financial year. As informed by management, share of Company in this corporate guarantee is not quantifiable.</p>	<p>This is matter is discussed with the management. We have relied on the explanations given by the management that holding company is taking appropriate steps to ensure that there are no defaults in repayments of loan from banks / other lenders. Hence, management is not expecting any obligation required to be accounted out of the financial guarantee given by the Company. Same has been disclosed in the financial statements as contingent liability.</p>

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

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

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and make other appropriate reporting as prescribed.

Responsibilities of management and those charged with governance for the 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that,
 - a) 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 including Other Comprehensive Income, Statement of Changes in Equity 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 Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.
 - e) The matters described in 'Material Uncertainty related to Going Concern' and 'Emphasis of matter' paragraph above, in our opinion, may have an adverse impact on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2020, from being appointed as a director in terms of Section 164(2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - h) During the year, there is no managerial remuneration. Hence, reporting under section 197(16) of the Act is not applicable.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration Number: 116560W/W100149

Sd/-

Milan Mody

Partner

Membership No. 103286

UDIN:20103286AAAADS8889

Place: Mumbai

Date: 30th July 2020

Mahodadhi Palace Private Limited

Annexure A to Independent Auditors' Report for the year ended 31st March 2020

[Referred to in paragraph 1 of 'Report on other legal and regulatory requirements' of our report of even date]

- i. In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets of the Company are physically verified by the management subsequent to year end. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) As per the information and explanation given to us and on the basis of our examination of the records of the Company, the Company holds immovable properties (buildings) that have been built on land taken on lease which are disclosed as a part of the Property, Plant and Equipment of the Company in the financial statements. The lease agreement is in the name of the Company based on the verification of photocopy.
- ii. The Company does not hold any inventory. Therefore, clause (ii) of paragraph 3 of the Order relating to inventory is not applicable.
- iii. According to the information and explanation given to us, the Company has not granted any loan secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, clause (iii) (a), (b), (c) of paragraph 3 of the Order is not applicable.
- iv. As per the information and explanation given to us, in respect of guarantee given in earlier years, the Company has complied with provisions of section 186 of the Act and section 185 of the Act is not applicable. Further, as informed to us the Company has not made any investments, given loan or provided security to which the provisions of section 185 and 186 of the Act applies.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of provisions of Section 73 to 76 of the Act and the rules framed there under. We have been informed that no order relating to Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act. Accordingly, clause (vi) of paragraph 3 the Order is not applicable to the Company.
- vii. In respect of statutory dues:
 - a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax (GST), duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable to the Company during the period with the appropriate authorities. There are no undisputed amounts payable in respect of statutory dues outstanding as at 31st March 2020 for a period of more than six months from the date they become payable except for professional tax of Rs. 20,000.
 - b) According to the records of the Company and information and explanations given to us, there are no dues of income tax, sales tax, service tax, GST, duty of customs, duty of excise, value added tax which have not been deposited with appropriate authorities on account of any dispute.

Mahodadhi Palace Private Limited

Annexure A to Independent Auditors' Report for the year ended 31st March 2020

[Referred to in paragraph 1 of 'Report on other legal and regulatory requirements' of our report of even date]

- viii. The Company has not taken any loan from bank, financial institution, Government or issued any debentures. Therefore, clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- ix. The Company has neither raised money by way of initial public offer or further public offer [including debt instruments] and term loans during the year, nor it had opening balance, hence clause (ix) of paragraph 3 of the Order is not applicable.
- x. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud by the Company or any fraud on the Company by its employees / officers, nor have been informed of any such case by the management.
- xi. The Company has not paid or provided any managerial remuneration. Hence, reporting under clause (xi) of paragraph 3 of the Order is not applicable.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, clause (xii) of paragraph 3 the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of records of the Company, transaction with related parties are in compliance with Section 188 of Act and have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosure specified under section 133 of the Act [Also refer note 27of financial statements], read with Rule 7 of the Companies (Accounts) Rules 2014. Section 177 of the Act is not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, question of our comment on compliance with provisions of Section 42 of Act does not arise.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or person connected with him. Therefore, question of our comment on compliance with provisions of Section 192 of the Act does not arise.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No.: 116560W/W100149

Sd/-

Milan Mody

Partner

Membership No.: 103286

UDIN:20103286AAAADS8889

Place: Mumbai

Date: 30th July 2020

Mahodadhi Palace Private Limited

Annexure B to Independent Auditors' Report for the year ended 31st March 2020

[Referred to in paragraph 2 of 'Report on other legal and regulatory requirements' of our report of even date]

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

Opinion

We have audited the internal financial controls over financial reporting of **Mahodadhi Palace Private Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has maintained 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 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

Mahodadhi Palace Private Limited

Annexure B to Independent Auditors' Report for the year ended 31st March 2020

[Referred to in paragraph 2 of 'Report on other legal and regulatory requirements' of our report of even date]

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

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

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No.116560W/W100149

Sd/-

Milan Mody

Partner

Membership No. 103286

UDIN: 20103286AAAADS8889

Place: Mumbai

Date:30th July 2020

Balance Sheet as at 31st March 2020

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

Particulars	Note no.	As at 31st March 2020	As at 31st March 2019
ASSETS			
A Non current assets			
a) Property, plant and equipment	5	1,406.73	1,722.97
b) Right of use asset	6	171.41	-
c) Intangible asset	7	0.08	0.10
d) Financial assets			
i) Other financial assets	8	17.77	21.56
e) Income tax assets (net)	9	19.03	15.91
f) Other non-current assets	10	7.19	3.19
	(A)	1,622.21	1,763.73
B Current assets			
a) Financial assets			
i) Trade receivable	11	29.89	89.72
ii) Cash and cash equivalent	12	1.14	0.82
iii) Other current financial assets	12A	40.00	-
b) Other current asset	13	19.51	12.16
	(B)	90.54	102.70
TOTAL (A+B)		1,712.75	1,866.43
EQUITY AND LIABILITIES			
A Equity			
a) Equity share capital	14	1.00	1.00
b) Other equity		(1,037.38)	(843.29)
	(A)	(1,036.38)	(842.29)
Liabilities			
B Non current liabilities			
a) Financial liabilities			
i) Borrowings	15	2,354.66	2,321.16
ii) Lease liabilities	16	165.08	-
b) Deferred tax liabilities (Net)	17	133.82	208.00
	(B)	2,653.56	2,529.16
C Current liabilities			
a) Financial liabilities			
i) Other financial liabilities	18	80.89	171.24
ii) Lease liabilities	19	14.48	-
b) Other current liabilities	20	0.20	8.32
	(C)	95.57	179.56
TOTAL (A+B+C)		1,712.75	1,866.43

Significant accounting policies and notes to financial statement 1 to 38

The notes referred to above form an integral part of the financial statements

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W/ W100149

For and on behalf of the Board of Directors of Mahodadhi Palace Private Limited

sd/-
Milan Mody
Partner
Membership No.: 103286

sd/-
Dr. Vithal V. Kamat
Director
DIN : 00195341

sd/-
Prabhakar V. Shetty
Director
DIN : 02448426

Place: Mumbai
Date: 30th July, 2020

Place: Mumbai
Date: 30th July, 2020

Statement of profit and loss for the year ended 31st March 2020

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

Particulars	Note no.	Year ended 31st March 2020	Year ended 31st March 2019
A Income			
Revenue from operations	21	56.83	69.20
Other income	22	7.22	1.42
Total income (A)		64.05	70.62
B Expenses			
Finance cost	23	21.68	-
Depreciation and amortization	5 to 7	42.51	44.39
Other expenses	24	3.71	20.90
Total expenses (B)		67.90	65.29
C Profit / (loss) before exceptional item & tax (A - B)		(3.85)	5.33
Exceptional item - expenses	25 & 37	264.43	-
D Profit / (loss) before tax		(268.28)	5.33
E Tax expense:			
- Current tax		-	-
- Deferred tax (charge) / credit	17	74.19	(1.40)
		74.19	(1.40)
F Profit / (loss) after tax		(194.09)	3.93
G Other comprehensive income			
A) Items that will not be reclassified to Statement of Profit and Loss		-	-
B) Items that will be reclassified to Statement of Profit and Loss		-	-
Total other comprehensive income / (expenses)		-	-
H Total comprehensive income/ (loss) for the year (E + F)		(194.09)	3.93
Basic and diluted earnings / (loss) per share (Face value of Rs. 10 each)	29	(1,940.90)	39.30
Significant accounting policies and notes to financial statements	1 to 38		

The notes referred to above form an integral part of the financial statements

As per our audit report of even date

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm Registration No. 116560W/ W100149

For and on behalf of the Board of Directors of
Mahodadhi Palace Private Limited

sd/-
Milan Mody
Partner
Membership No.: 103286

sd/-
Dr. Vithal V. Kamat
Director
DIN : 00195341

sd/-
Prabhakar V. Shetty
Director
DIN : 02448426

Place: Mumbai
Date: 30th July, 2020

Place: Mumbai
Date: 30th July, 2020

Cash Flow Statement for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

Particulars	Note	Year ended 31st March 2020	Year ended 31st March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxes and other comprehensive income		(268.28)	5.33
Adjustments for:			
Depreciation and amortization		42.51	44.39
Finance cost		21.68	-
Interest income		(1.82)	(1.38)
Loss on account of cyclone (gross of insurance claim proceeds of Rs. 57.86 lakhs) (Refer note 25 & 37)		322.29	-
Loss on discard of assets		0.23	2.25
		116.61	50.59
Movements in working capital:			
(Increase) / decrease in trade receivable and other assets		12.47	(53.23)
Increase / (decrease) in other liabilities		(8.12)	(3.71)
Cash generated from operations before taxes		120.96	(6.35)
Adjustment for:			
Income tax (paid) / refund received (net)		(2.42)	(6.92)
Net cash generated/ (used in) from operating activities... (A)		118.54	(13.27)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds form sale of property, plant and equipment		0.17	0.09
Payment towards purchase of property, plant and equipment (including capital advances)		(48.52)	(3.19)
(Increase) / decrease in fixed deposit (not considered as cash and cash equivalent)		3.79	(1.24)
Interest received		1.24	1.38
Adjustment for:			
Less: Direct taxes paid (including tax deducted at source)		(0.12)	(0.14)
Net cash (used in) / from investing activities... (B)		(43.44)	(3.10)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowing		33.50	17.21
Payment of lease liabilities		(17.36)	-
Interest liability paid		(90.92)	(0.25)
Net cash (used in) / from financing activities... (C)		(74.78)	16.96
Net increase / (decrease) in cash and cash equivalents (A+ B+C)		0.32	0.59
Cash and cash equivalents at beginning of the year	12	0.82	0.23
Cash and cash equivalents at end of the year		1.14	0.82
Net increase / (decrease) in cash and cash equivalents		0.32	0.59
Significant accounting policies and notes to financial statement	1 to 38		

Notes referred to herein above form an integral part of financial statements.

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W/ W100149

sd/-

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 30th July, 2020

For and on behalf of the Board of Directors of Mahodadhi Palace Private Limited

sd/-

Dr. Vithal V. Kamat
Director
DIN : 00195341

Place: Mumbai
Date: 30th July, 2020

sd/-

Prabhakar V. Shetty
Director
DIN : 02448426

Mahodadhi Palace Private Limited
CIN: U55101MH2010PTC201685

Statement of changes in equity for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

(a) Equity share capital

As at 1st April 2018	Changes in equity share capital during the year 2018-19	As at 31st March 2019	Changes in equity share capital during the year 2019-20	As at 31st March 2020
1.00	-	1.00	-	1.00

(Also refer note 14)

(b) Other equity

Particulars	Retained earnings	Total other equity
Balance as at 31st March 2018	(847.22)	(847.22)
Profit for the year 2018-19	3.93	3.93
Balance as at 31st March 2019	(843.29)	(843.29)
Loss for the year 2019-20	(194.09)	(194.09)
Balance as at 31st March 2020	(1,037.38)	(1,037.38)

Notes referred to herein above form an integral part of financial statements.

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W/W100149

sd/-

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 30th July, 2020

**For and on behalf of the Board of Directors of
Mahodadhi Palace Private Limited**

sd/-

Dr. Vithal V. Kamat
Director
DIN : 00195341

Place: Mumbai
Date: 30th July, 2020

sd/-

Prabhakar V. Shetty
Director
DIN : 02448426

Mahodadhi Palace Private Limited

CIN: U55101MH2010PTC201685

Notes to financial statements for the year ended 31st March 2020

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

5	Property plant and equipment	Leasehold improvement (Refer note 5.1)	Furniture & fixture	Office equipment	Plant & machinery	Total
	Gross carrying value					
	Balance as at 31st March, 2018	1,808.20	5.92	0.03	44.13	1,858.28
	Additions in 2018-2019	-	-	-	-	-
	Deletions in 2018-2019	-	0.07	0.01	3.65	3.73
	Balance as at 31st March, 2019	1,808.20	5.85	0.02	40.48	1,854.55
	Additions in 2019-2020	28.83	0.80	2.59	12.30	44.52
	Deletions in 2019-2020 (Refer note 25 & 37)	356.19	2.66	-	17.51	376.36
	Balance as at 31st March, 2020	1,480.84	3.99	2.61	35.27	1,522.71
	Accumulated Depreciation					
	Balance as at 31st March, 2018	79.62	2.18	-	6.80	88.60
	Charge for the year 2018-2019	39.81	1.10	-	3.46	44.37
	Deletions in 2018-2019	-	0.05	-	1.34	1.39
	Balance as at 31st March, 2019	119.43	3.23	-	8.92	131.58
	Charge for the year 2019-2020	33.62	1.55	0.27	2.63	38.07
	Deletions in 2019-2020	45.12	1.91	-	6.65	53.68
	Balance as at 31st March, 2020	107.93	2.87	0.27	4.90	115.97
	Net carrying amount					
	Balance as at 31st March 2019	1,688.77	2.62	0.02	31.56	1,722.97
	Balance as at 31st March, 2020	1,372.91	1.12	2.34	30.37	1,406.73

5.1 The leasehold improvements are constructed on land and building taken under operating lease for a period of 50 years.

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

6	Right of use asset (Refer note 28)	Land & building	Total
	Gross carrying value		
	Balance as at 31st March, 2018	-	-
	Additions in 2018-2019	-	-
	Deletions in 2018-2019	-	-
	Balance as at 31st March, 2019	-	-
	Additions in 2019-2020	177.63	177.63
	Deletions in 2019-2020	1.81	1.81
	Balance as at 31st March, 2020	175.82	175.82
	Accumulated depreciation		
	Balance as at 31st March, 2018	-	-
	Charge for the year 2018-19	-	-
	Deletions in 2018-2019	-	-
	Balance as at 31st March, 2019	-	-
	Charge for the year 2019-2020	4.41	4.41
	Deletions in 2019-2020	-	-
	Balance as at 31st March, 2020	4.41	4.41
	Net carrying amount		
	Balance as at 31st March, 2019	-	-
	Balance as at 31st March, 2020	171.41	171.41
7	Intangible assets	Computer Software	Total
	Gross carrying value		
	Balance as at 31st March, 2018	0.16	0.16
	Additions in 2018-2019	-	-
	Deletions in 2018-2019	-	-
	Balance as at 31st March, 2019	0.16	0.16
	Additions in 2019-2020	-	-
	Deletions in 2019-2020	-	-
	Balance as at 31st March, 2020	0.16	0.16
	Accumulated amortization		
	Balance as at 31st March, 2018	0.04	0.04
	Amortization for the year 2018-19	0.02	0.02
	Deletions in 2018-2019	-	-
	Balance as at 31st March, 2019	0.06	0.06
	Amortization for the year 2019-2020	0.02	0.02
	Deletions in 2019-2020	-	-
	Balance as at 31st March, 2020	0.08	0.08
	Net carrying amount		
	Balance as at 31st March, 2019	0.10	0.10
	Balance as at 31st March, 2020	0.08	0.08

Notes:

- 7.1 Software is other than internally generated software.
7.2 Balance useful life of intangible assets as at 31st March 2020 is 4 years (31st March 2019 : 5 years).

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

8	Other financial assets - non-current	As at	As at
		31st March 2020	31st March 2019
	Fixed deposit (Refer note 8.1)	17.77	21.56
	Total	17.77	21.56

8.1 Fixed deposit is given against Bank Guarantee issued by Bank on behalf of Company to Orissa Tourism Development Corporation (OTDC).

9	Income tax assets (net)	As at	As at
		31st March 2020	31st March 2019
	Advance tax (Tax deducted at source) - (net)	19.03	15.91
	Total	19.03	15.91

10	Other non-current assets	As at	As at
		31st March 2020	31st March 2019
	Capital advance	7.19	3.19
	Total	7.19	3.19

11	Trade receivable	As at	As at
		31st March 2020	31st March 2019
	Unsecured		
	(i) Considered good (Refer note 11.1)	29.89	89.72
	(ii) Considered doubtful	-	-
	Total	29.89	89.72

11.1 Outstanding from Company in which director is interested as director and member.

12	Cash and cash equivalent	As at	As at
		31st March 2020	31st March 2019
	Cash in hand	0.10	0.10
	Balances with bank		
	- In current accounts	1.04	0.72
	Total	1.14	0.82

12A	Other current financial asset	As at	As at
		31st March 2020	31st March 2019
	Insurance claim receivable (Refer note 37)	40.00	-
	Total	40.00	-

13	Other current asset	As at	As at
		31st March 2020	31st March 2019
	Prepaid expenses	17.35	10.65
	GST input credit	2.16	1.51
	Total	19.51	12.16

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

14	Equity share capital	As at	
		31st March 2020	31st March 2019
	Authorised capital		
	50,000 equity shares (31st March 2019: 50,000) of Rs.10 each	5.00	5.00
	Total	5.00	5.00
	Issued, subscribed and paid-up		
	10,000 equity shares (31st March 2019: 10,000) of Rs.10 each	1.00	1.00
	Total	1.00	1.00

14.1 Terms/ rights attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, there are no preferential amounts inter se equity shareholders. The distribution will be in proportion to the number of equity shares held by the shareholders (After due adjustment in case shares are not fully paid up).

14.2 Movements in equity share capital

Particulars	FY 19-20		FY 18-19	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning	10,000	1.00	10,000	1.00
Add: Shares issued during the year	-	-	-	-
Less: Buyback during the year	-	-	-	-
Number of shares at the end	10,000	1.00	10,000	1.00

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

Particulars	As at 31st March 2020		As at 31st March 2019	
	% of holding	Number of Shares*	% of holding	Number of Shares*
Kamat Hotels (India) Limited	100	10,000	100	10,000

*Out of above one share is held by Dr. Vithal V. Kamat as nominee of Kamat Hotels (India) Limited.

14.4 Equity shares held by the holding company (also ultimate holding company)

Particulars	As at 31st March 2020		As at 31st March 2019	
	% of holding	Number of Shares*	% of holding	Number of Shares*
Kamat Hotels (India) Limited	100	10,000	100	10,000

*Out of above one share is held by Dr. Vithal V. Kamat as nominee of Kamat Hotels (India) Limited.

15	Borrowings	As at	
		31st March 2020	31st March 2019
	Unsecured		
	Intercorporate loan		
	- From Holding Company (Refer note 15.1 and 15.2)	422.36	422.36
	- From other company (Refer note 15.3 and 15.4)	2,011.48	2,069.98
		2,433.84	2,492.34
	Less: Interest accrued and due	79.18	171.18
	Total	2,354.66	2,321.16

15.1 In earlier years, in view of various adverse factors and the request made to holding company by the Company for waiver of interest, holding company has waived off interest on the unsecured loans granted until there is improvement in the financial position of the Company. This waiver was effective from 28th February 2017. Accordingly, no interest is charged by holding Company on the outstanding loan.

15.2 This intercorporate loan is repayable based on start of full commercial operations of the hotel and availability of funds with the Company or such other dates as mutually agreed. As per the terms of the agreement it is not payable in next 12 months as at balance sheet date, hence same is classified under non-current borrowings.

15.3 In view of various adverse factors and the request made to Placewell Jobs Private Limited (PJPL) by the Company for waiver of interest, PJPL has waived off interest on the unsecured loans granted until there is improvement in the financial position of the Company. This waiver was effective from 1st April 2018. Accordingly, no interest is charged by PJPL on the outstanding loan for FY 18-19 and FY 19-20.

15.4 Intercorporate loan from other company is repayable based on start of full commercial operations of the hotel and availability of funds with the Company. As per the terms of the agreement it is not payable in next 12 months as at balance sheet date, hence same is classified under non-current borrowings.

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

16	Lease liabilities - non current	As at	As at
		31st March 2020	31st March 2019
	Lease rent (Refer note 28)	165.08	-
	Total	165.08	-

17	Deferred tax liability	As at	As at
		31st March 2020	31st March 2019
	Major components of deferred tax liabilities and deferred tax assets:		
	Deferred tax liabilities		
	Difference in net carrying value of fixed asset as per income tax and books	276.31	369.75
	Sub-total (A)	276.31	369.75
	Deferred tax assets		
	Carried forward losses as per income tax	142.49	161.75
	Sub-total (B)	142.49	161.75
	Net deferred tax liability / (asset) - Net	133.82	208.00

17.1 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2020 and 31st March 2019:

Particulars	As at	As at
	31st March 2020	31st March 2019
Accounting profit/(loss) before tax from operations	(268.28)	5.33
Income tax liability as per applicable tax rate i.e. 25.168% (Previous year: 26%) (Refer note 17.3 below)	(67.53)	1.39
(a) Permanent disallowance	-	0.01
(b) Effect of change in tax rate for deferred tax liability calculation (Refer note 17.3 below)	6.66	-
Tax expense / (credit) reported in the Statement of Profit and Loss	(74.19)	1.40

17.2 No provision for income tax has been made during the year as well as in the previous year as there is no taxable income as per the Income Tax Act, 1961. As per Ind AS 12 - Income Taxes, deferred tax asset should be recognised on the carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax asset has been recognized on unabsorbed brought forward losses considering probability of reversal of deferred tax liability in near future against which it can be utilised.

17.3 The Company has decided to opt for new income tax regime by adopting lower tax rate as per section 115BAA of the Income Tax Act, 1961. Accordingly, deferred tax is recognised at lower tax rate. The resultant credit of Rs. 6.65 lakhs is included in the financial statements for the year ended 31st March, 2020.

18	Other financial liabilities - current	As at	As at
		31st March 2020	31st March 2019
	Interest accrued and due (Refer note 18.1)	79.18	171.18
	Capex payable	1.68	-
	Other payables	0.03	0.06
	Total	80.89	171.24

18.1 Interest is overdue for a period of 335 to 1451 days (As at 31st March 2018: 335 to 720 days).

19	Lease liabilities - current	As at	As at
		31st March 2020	31st March 2019
	Lease rent (Refer note 28)	14.48	-
	Total	14.48	-

20	Other current liabilities - current	As at	As at
		31st March 2020	31st March 2019
	Statutory dues	0.20	8.32
	Total	0.20	8.32

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

21	Revenue from operations	Year ended 31st March 2020	Year ended 31st March 2019
	Royalty fees (Refer note 28.2)	56.83	69.20
	Total	56.83	69.20

22	Other income	Year ended 31st March 2020	Year ended 31st March 2019
	Interest earned on		
	- Fixed deposit with bank	1.24	1.38
	- Income tax refund	0.58	-
	Insurance claim received	5.39	-
	Miscellaneous income	0.01	0.04
	Total	7.22	1.42

23	Finance cost	Year ended 31st March 2020	Year ended 31st March 2019
	Interest on delayed statutory dues	0.58	-
	Interest expense on lease liabilities	21.10	-
	Total	21.68	-

24	Other expenses	Year ended 31st March 2020	Year ended 31st March 2019
	Bank charges	0.35	0.18
	Insurance charges	2.51	0.89
	Lease rent (Refer note 28)	-	17.36
	Legal and professional fees	0.25	0.10
	Rates and taxes	0.25	0.05
	Audit fees (Refer note 24.1 below)	0.10	0.05
	Loss on discard of fixed assets	0.23	2.25
	Miscellaneous expenses	0.02	0.02
	Total	3.71	20.90

24.1 Auditor's remuneration

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
For statutory audit*	0.10	0.05
Total	0.10	0.05

*excluding goods & services tax of Rs. 0.02 lakhs (Previous year: Rs. 0.01 lakhs).

25	Exceptional items - expenses / (income)	Year ended 31st March 2020	Year ended 31st March 2019
	Loss by cyclone (Refer note 37)	264.43	-
	Total	264.43	-

Mahodadhi Palace Private Limited
CIN: U55101MH2010PTC201685

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

26 Capital commitments, other commitments and contingent liabilities

26.1 Capital and other commitments

Estimated amount of capital commitments to be executed on capital accounts and not provided for Rs. 14.06 lakhs (31st March 2019: Rs. 18.06 lakhs) (Net of advances).

26.2 Contingent liabilities

- a) In earlier financial year, Company has given corporate guarantee (Jointly with other fellow subsidiaries and group entities) on behalf of holding company aggregating to Rs. 38,583.00 lakhs (31st March 2019: 38,583.00 lakhs) towards loan facilities taken from banks / others. Share of Company in this corporate guarantee is not quantifiable. Company does not expect any outflow on account of this guarantee.

27 Related party transactions

27.1 Name and relationships of related parties

- a. Holding & Ultimate Holding Company : Kamat Hotels (India) Limited
b. Directors / Key management personnel : Dr. Vithal V. Kamat
Mr. Prabhakar V. Shetty

27.2 Transactions with related parties

Nature of transaction	Name of the party	Year ended	Year ended
		31st March 2020	31st March 2019
Royalty fees	Kamat Hotels (India) Limited	56.83	69.20
Expenses paid on behalf of the Company		-	0.03
Amount collected on behalf of the Company		-	0.10

27.3 Closing balances of related parties

Nature of transaction	Name of the Party	As at	As at
		31st March 2020	31st March 2019
Amount receivable	Kamat Hotels	29.89	89.72
Borrowings	(India) Limited	418.74	418.74
Interest payable		3.62	3.62
Corporate Guarantee given (Jointly with other fellow subsidiaries and group entities) to banks / others for Credit Facility availed by Holding Company [Company's share is not quantifiable]		38,583.00	38,583.00

Terms and conditions of related party transaction

Outstanding balances at the year end are unsecured and settlement occurs in cash. All transactions were made on normal commercial terms and conditions and at market rates.

28 Leases

A Disclosure for the year ended 31st March 2020:

I) Company as a lessee:

- a) The Company has taken heritage palace under non-cancellable lease for a period of 50 years. Lease rents are payable on yearly basis and are subject to escalation.
- b) The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1st April 2019. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The Company had made transition adjustment as per para C8(c)(ii) of Ind AS 116, i.e. prospective implementation without changing opening balance of reserves. Consequently, amounts of 'depreciation & amortisation', 'finance cost' and 'other expenses' are not comparable with previous year. Also refer note 3.6 for accounting policy on leases.
- c) For depreciation and carrying value of right of use asset, refer table below:

ROU asset	Carrying value as at year ended 31st March 2020	Depreciation for the year
Land & building	171.41	4.41

Mahodadhi Palace Private Limited
CIN: U55101MH2010PTC201685

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

d) Disclosure with respect to lease under Ind AS-116 Leases:

Particulars	FY 19-20
Interest expense on lease liabilities	21.10
Lease expenses in case of short term leases	-
Lease expenses in case of low value leases (other than short term as disclosed above)	-
Lease expenses debited to lease liabilities	17.36
Total cash outflow for leases [incl. short term & low value leases]	17.36
Additions to ROU assets (including additions as on 1st April 2019)	177.63
Variable lease payments not considered in measurement of lease liabilities	-
Income from subleasing ROU assets	-

e) Disclosure for impact of changes in accounting policy

As indicated in note 3.6, the Company has adopted Ind AS 116 – “Leases” retrospectively from 1st April, 2019, but has not restated comparatives for the 31st March, 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new standard are therefore recognised in the opening balance sheet on 1st April, 2019 as given below:

Particulars	As at 1st April 2019
Right-of-use assets	177.63
Financial liability- Lease liabilities - current	15.50
Financial liability -Lease liabilities - non-current	162.13

The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31st March, 2019. The Company's weighted average incremental borrowing rate applied to the lease liabilities on 1st April, 2019 was 12.00% .

On account of adoption of Ind AS 116, loss before tax has increased by Rs. 8.15 lakhs for the year ended 31st March, 2020. In applying Ind AS 116 – “Leases” for the first time, the Company has used the practical expedients provided by the standard and therefore has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

Measurement of lease liabilities

Particulars	2019-20
Operating lease commitments disclosed as at 31st March, 2019 (excluding contingent lease payment)	733.84
Discounted using the lessee's incremental borrowing rate of at the date of initial application	733.84
Low-value leases not recognised as a liability	-

Further, the difference between the lease obligation recorded as of 31st March, 2019 under Ind AS 17 disclosed under note 26 of the financial statements for the year ended 31st March 2019 and the value of the lease liability as of 1st April, 2019 is primarily on account of extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

II) Company as a lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company has given its property under operation and management agreement to run, manage, conduct and operate the operation and management of the Hotel for a period of 20 years which shall be extendable for a further period of 10 years at the sole discretion of the lessee. In lieu of the same, Company gets royalty fees calculated based on percentage of revenue earned by the lessee from this property. The Company has recognised Royalty fees of Rs. 56.83 lakhs during the year. Since future revenue is based on percentage of revenue which is contingent in nature, other disclosures as required under Ind AS 116 - 'Leases' are not quantifiable as at the balance sheet date.

Mahodadhi Palace Private Limited
CIN: U55101MH2010PTC201685

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

B Disclosure for year ended 31st March 2019

a) Where Company is lessee:

The Company has taken heritage palace under non-cancellable lease for a period of 50 years, which is in the nature of operating lease.

Lease rents are payable on yearly basis and are subject to escalation every two years which is calculated based on wholesale price index (WPI). Disclosures as required under Ind AS 17 - 'Leases' are as given below:

Particulars	31st March 2019
Rent recognised as expenses during the year	17.36
Payable not later than one year*	18.64
Later than one year but not later than five years*	74.55
Later than five years*	640.65

*For the purpose of calculation of future lease rent, due to non-availability of future WPI, same is calculated based on current WPI.

b) Where Company is lessor:

The Company has given its property under operation and management agreement to run, manage, conduct and operate the operation and management of the Hotel for a period of 20 years which shall be extendable for a further period of 10 years at the sole discretion of the lessee. In lieu of the same, Company gets royalty fees calculated based on percentage of revenue earned by the lessee from this property. During the year, percentage of royalty fee recovered is increased from 10% to 20% w.e.f. 1st April 2018, resulting in increase in royalty income. The Company has recognised Royalty fees of Rs. 69.20 lakhs during the year. Since future revenue is based on percentage of revenue which is contingent in nature, other disclosures as required under Ind AS 17 - 'Leases' are not quantifiable as at the balance sheet date.

29 Earnings / (loss) per share

Particulars	Year ended	Year ended
	31st March 2020	31st March 2019
Basic and diluted earning per share		
Net profit/(loss) after tax as per Statement of Profit and Loss (Rs. in lakhs)	(194.09)	3.93
Weighted average number of equity shares outstanding	10,000	10,000
Face value per equity share (Rs.)	10	10
Basic and diluted earnings/(loss) per share (Rs.)	(1,940.90)	39.30

Mahodadhi Palace Private Limited
CIN: U55101MH2010PTC201685

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

- 33 Disclosures as required by Indian Accounting Standard (Ind AS) 19 - Employee Benefits:**
As the Company had no employees during the year as well as in the previous year, hence no provision for defined benefit obligations like leave encashment and gratuity & defined contribution plan has been made. Consequently, there are no disclosures as required by Indian Accounting Standard 19 (Ind AS) – 'Employee Benefits'.
- 34** Foreign currency exposure outstanding as on 31st March 2020: Nil (31st March 2019: Nil). There are no outstanding derivative contracts as on 31st March 2020 (31st March 2019: Nil).
- 35** Disclosures as required by Indian Accounting Standard (Ind AS) 108 - Operating Segments
There are no reportable segments under Ind AS-108 'Operating Segments' as all the activities relate to only one segment i.e. royalty fees collected from hotel property given under business contract agreement. Further, top management of the Company is also reviewing the results / operations of the Company as single segment i.e. leasing of hotel property. Company gets its entire revenue from only one customer i.e. holding company to whom Company has given its hotel property under business contract agreement.
- 36** There were no amounts due and remaining unpaid to suppliers covered under Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) on account of principal and/or interest as at the close of the financial year and during the year. Therefore, no additional disclosures are required to be made as per MSMED Act. This disclosure is based on the information available with the Company regarding the status of the suppliers as defined under the MSMED Act, 2006.
- 37** During the year, Company's hotel property in Orissa has been affected due to 'Cyclone Fani'. The Company has assessed the damages caused to the property and report of the insurance surveyor has been submitted to the insurance company. The Company has received insurance proceeds on account of final settlement in respect of one asset group whereas in respect of other asset group, final settlement is still pending. Based on the realisation of insurance proceeds and assessment of claim receivable, loss (net of insurance claim) of Rs. 264.43 lakhs has been accounted and disclosed as 'exceptional item' in the statement of profit and loss. In the view of management, no further loss is anticipated.
- 38** The Company has incurred loss in the current year, its accumulated losses are in excess of its paid up capital and reserves and its current liabilities are exceeding current assets. In the opinion of the management, the financial statements are prepared on going concern basis, considering (a) future prospectus of business from hotel property post expiry of operation and management agreement with holding company; (b) fair value of the underlying hotel property; and (c) commitment from the holding company for financial support from time to time and (d) management's action to mitigate the impact of Covid-19 as described in note 38A.
- 38A** Due to outbreak of COVID-19 pandemic, there is a significant impact on the business operations of the Company during the lockdown period. With the lifting of the partial lockdown restrictions by Central and State Governments, the Company's hotel property which is given to the Holding Company for operations under business contract agreement, has re-opened in the month of June 2020 after establishing thorough and well-rehearsed safety measures. The Company expects the demand for its services to pick up at a slower pace once lockdown is completely lifted and recovery in business to be driven by domestic and international leisure and business travel. The Company has carried out impairment assessment for the carrying value of property, plant & equipment, right of use asset, trade receivables and other assets based on the internal and external information upto the date of approval of these financial statements including potential impact on account of COVID-19. Based on such assessment, in the opinion of management, the Company expects to recover the carrying amounts of all the assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to monitor the future economic conditions and assess its impact on the financial statements.

As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

sd/-

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 30th July, 2020

**For and on behalf of the Board of Directors of
Mahodadhi Palace Private Limited**

sd/-

Dr. Vithal V. Kamat
Director
DIN : 00195341

Place: Mumbai
Date: 30th July, 2020

sd/-

Prabhakar V. Shetty
Director
DIN : 02448426

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

30 Financial instruments - Accounting classifications & Fair value measurement

(a) Financial instruments by category

Sr. No.	Particulars	31st March 2020			31st March 2019		
		Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
A	Financial assets						
(i)	Cash and cash equivalents	1.14	-	-	0.82	-	-
(ii)	Other financial assets (non-current)	17.77	-	-	21.56	-	-
(iii)	Trade receivable	29.89	-	-	89.72	-	-
	Total financial assets	48.80	-	-	112.10	-	-
B	Financial liabilities						
(i)	Borrowings	2,354.66	-	-	2,321.16	-	-
(ii)	Lease liabilities - non current	165.08	-	-	-	-	-
(iii)	Lease liabilities - current	14.48	-	-	-	-	-
(iv)	Other financial liabilities	80.89	-	-	171.24	-	-
	Total financial liabilities	2,615.11	-	-	2,492.40	-	-

FVTOCI - Fair Value Through Other Comprehensive Income
FVTPL - Fair Value Through Profit or Loss

(b) Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following method and assumptions are used to estimate the fair values:

- (i) The management assessed that fair value of cash and cash equivalents, other financial assets (non-current), trade receivable, borrowings, lease liabilities and other financial liabilities approximate their carrying amounts.

31 Financial risk management

The Company has exposure to two risks mainly funding / liquidity risk and credit risk. The Company has no exposure to transactions having market risk. The Company does not have any derivative financial instruments. The Board of directors has overall responsibility for the establishment of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in Company's activities.

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

(a) Credit Risk :

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instruments fail to meet its contractual obligations. The Company is exposed mainly to credit risk which arises from cash and cash equivalents and trade receivable. Company's maximum exposure is restricted to the carrying value of the following types of financial assets:

(i) Cash and cash equivalent and other bank balances

The Company considers factors such as track record, size of institution, market reputation and service standards to select the banks with which balances are maintained. The balance are generally maintained with the banks with whom the Company has regular transactions. Considering the same, the Company is not exposed to expected credit loss of cash and cash equivalent.

(ii) Trade receivable

Trade receivable are receivable from holding company and there is no credit risk involved and management considers carrying amount of these assets to be good and recoverable.

(b) Liquidity Risk :

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time. The Company relies on mix of borrowings, capital and operating cash flows to meet its needs for funds. The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the undiscounted payments.

Particulars	Less than 1	1 to 5 year	Above 5 years	Total
As at 31st March 2020				
Borrowings	-	2,354.66	-	2,354.66
Lease liabilities	14.48	54.85	110.23	179.56
Other financial liabilities	80.89	-	-	80.89
As at 31st March 2019				
Borrowings	-	2,321.16	-	2,321.16
Lease liabilities	-	-	-	-
Other financial liabilities	171.24	-	-	171.24

(c) Interest rate risk

Company has taken demand loan from holding company and other unsecured intercorporate loan from outside party. Loan from outside party attracts fixed interest rate of 9% and holding company charges 12%. Interest is waived off by holding company w.e.f. 28th February 2017 [Also refer note 15.1] and by other company w.e.f. 1st April 2018. Considering no interest is charged on the borrowings, the Company is not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Mahodadhi Palace Private Limited
CIN: U55101MH2010PTC201685

Notes to financial statements for the year ended 31st March 2020
(Amount in rupees lakhs, except share and per share data, unless otherwise stated)

32 Capital management

The Company's objective when managing capital are to (i) Safeguarding their ability to continue as going concern, so that they can continue to provide returns for shareholders benefit and (ii) maintain capital structure to reduce the cost of capital. Capital is fully contributed by the Holding Company 'Kamat Hotels (India) Limited' and holding company provides financial support the Company from time to time. The Company manages its capital structure and make adjustments to, in light of changes in economic conditions, and the risk characteristics of underlying assets. The Company monitors capital using 'net Debt' to 'Equity'. The Company's net debt to equity are as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Total debt	2,354.66	2,321.16
Total capital (total equity shareholder's fund)	(1,036.38)	(842.29)
Net Debt to Equity ratio	(2.27)	(2.76)