

Independent Auditors' Report

**To,
The Members of
Orchid Hotels Pune Private Limited**

Report on the Ind AS financial statements

Qualified opinion

We have audited the accompanying Ind AS financial statements of **Orchid Hotels Pune Private Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the 'Basis for qualified opinion' section of our report, the aforesaid Ind AS 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 its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for qualified opinion

Reference is invited to note 24.4 of notes to the Ind AS financial statements. As against the lender's (International Asset Reconstruction Private Limited ('IARC')) claim upto 24th December 2018 of Rs.42,110.91 lakhs, the liability as per the books is only Rs. 18,833.99 lakhs (this amount includes interest liability accounted in books upto 30th September 2013). IARC has acquired the loans on assignment from Asset Reconstruction Company India Limited ('ARCIL') at a consideration of Rs.13,500 lakhs. Interest has not been provided from 1st October 2013 till 31st March 2020. In our opinion, the same is not in compliance with Ind AS 23- Borrowing Cost. In the opinion of the management, no further liability for interest is required to be accounted considering the negotiations for settlement of the loan (including interest) is under process and management's expectation that settlement amount would not be higher than the amounts already recorded in the books. Further, the change in claim, if any, by the lender from 25th December 2018 till 31st March 2020 has not been considered above.

Had the provision been made based on the claim made by the lender, borrowing cost for the current year and previous year and the negative net worth as at 31st March 2020 would increase by the amount of difference in liability as stated above plus the interest from 25th December 2018 upto 31st March 2020, both of which have not been provided as per management view mentioned above.

The qualified opinion given above was also reported in our independent auditor's report for financial year 2018-2019 dated 27th May 2019.

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 Ind AS financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Ind AS financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Material uncertainty related to going concern

Reference is invited to note 44 of notes to Ind AS financial statements regarding preparation of Ind AS financial statements on going concern basis. The Company has incurred losses during the year and previous financial years and its current liabilities are more than its current assets as on 31st March 2020 and its net worth is fully eroded as of that date. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in note above. Considering, the limited support available from the holding company due to its financial constraints, provision for impairment of property, plant and equipment made in the current year (also refer note 34.1 to Ind AS financial statements) and earlier year and management's action to mitigate the impact of COVID-19 as described in note 44A to Ind AS financial statements (also refer para (c) of "Emphasis of matter" paragraph below) in the opinion of the management, the financial results are prepared on going concern basis.

Our opinion is not modified in respect of above matter. Further, the 'Material uncertainty related to going concern' para given above was also reported in our independent auditor's report for financial year 2018-2019 dated 27th 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 24.5 of notes to Ind AS financial statements, regarding dispute over lease rent payable to the government agency. Pending outcome of the dispute, Company has accounted for the liability amounting to Rs. 1405.94 lakhs for the period from 1st November 2014 to 31st March 2020; however, the same has not been paid. Further, in the current year, the Hon'ble Bombay High Court has appointed sole arbitrator to resolve the disputes. As per the management interest / penalty if any, will be accounted in the year in which dispute will be resolved.
- (b) Attention is invited to note 39.5 of notes to Ind AS financial statements. The Company is in the process of appointing Chief Financial Officer and Company Secretary (key managerial personnel) as required by Section 203 of the Companies Act, 2013.
- (c) Attention is to note 44A 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, for the matter stated in the point (a) of the 'Emphasis of Matter' given above was also reported in our independent auditor's report for financial year 2018-2019 dated 27th May 2019. Our opinion was not modified in respect of above matter in previous year also.

Other matters

Due to COVID-19 related lockdown, we could not be present during physical verification of inventories carried out by management as subsequent to year end. We have relied on the same and performed alternate procedures to audit the existence of inventory as at year end.

Our opinion is not modified in respect of above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS 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 'Basis of Qualified Opinion', 'Material Uncertainty Related to Going Concern', 'Emphasis of Matter' and 'Other matters' 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
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Independent Auditors' Report (Contd.)

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(vii) of notes to Ind AS financial statements. In earlier financial year, the Company has given corporate guarantee on behalf of holding company aggregating to Rs. 24,755.00 lakhs towards loan facilities taken from banks / others by holding company. Holding Company has also given guarantee towards loan taken by the Company.</p>	<p>This 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 Ind AS financial statements as contingent liability.</p>
<p><i>Provision for impairment of property, plant and equipment</i></p> <p>We refer to note 2.4(viii) of notes to Ind AS financial statements. In earlier financial year, the Company had provided for impairment loss on leasehold building amounting to Rs. 21,400.09 lakhs. Based on the management's review of the recoverable value in respect to net block of fixed assets as on 31st March 2020, provision for impairment loss amounting to Rs. 532.20 lakhs is recognised in current year. Total amount of impairment loss recognised till 31st March 2020 including earlier year is Rs. 21,932.29 lakhs.</p>	<p>We assessed the appropriateness of the carrying value of the tangible assets by performing the following audit procedures:</p> <ul style="list-style-type: none"> - Assessed the valuation methodology used by management and tested the mechanical accuracy of the impairment models; - Evaluated the reasonableness of the valuation assumptions, such as discount rates, used by management through reference to external market data; - Verified the appropriateness of the business assumptions used by the management, such as revenue growth, profit margin, occupancy level. - Considered whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures. <p>We are satisfied that management's tangible impairments estimates are reasonable in accordance with Ind AS and further provision made for impairment of property, plant and equipment is appropriate.</p>
<p><i>Disputed lease rent payable</i></p> <p>Refer 'Emphasis of Matter' para given above.</p>	<p>We have verified the status update of the legal case pending with Hon'ble High Court of Bombay and District Court. Also obtained management explanation for the status of legal dispute. We have drawn reference of the matter under 'Emphasis of Matter' para above.</p>

Information other than the Ind AS 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 Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS 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 Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditors' Report (Contd.)

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 Ind AS 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 Ind AS 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. 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a 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 Ind AS financial statements or, if such disclosures

Independent Auditors' Report (Contd.)

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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS 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 Ind AS 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 Ind AS 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) Except for the matters described in the Basis of qualified opinion paragraph above, 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) Except of the effects of the matters described in the Basis of qualified opinion paragraph above, 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) Except for the effects of the matters described in the Basis of qualified opinion paragraph above which is not in accordance with Ind AS 23 – Borrowing Cost, in our opinion, the Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.
 - e) The matters described in 'Basis for qualified opinion', 'Emphasis of matter' and 'Material Uncertainty related to Going Concern' paragraph above, in our opinion, may have an adverse impact on the functioning of the Company.

Independent Auditors' Report (Contd.)

- 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) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for qualified opinion paragraph above.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the details of pending litigations and its impact on its financial position (as applicable) in the Ind AS financial statements- Refer note 24.1, 24.4, 24.5, 33.1, 33.2, 38.2(c), 38.2(d) and 38.2(e).
 - 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 No.: 116560W/W100149

Sd/-

Milan Mody
Partner
MembershipNo.: 103286
UDIN:20103286AAAADW7022

Place: Mumbai
Date: 30th July 2020

Orchid Hotels Pune 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, it 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 Ind AS financial statements. The lease agreement is in name of the Company.
- ii. In our opinion, physical verification of inventories has been conducted by management at reasonable intervals. The discrepancies noticed on such verification by management, were not material and have been properly dealt with in the books of account.
- 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 is applicable.
- 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 generally regular in depositing undisputed statutory dues including income tax, sales tax, service tax, duty of customs, duty of excise, cess and any other material statutory dues, as applicable to the Company, during the period with the appropriate authorities except minor delays in payment of provident fund, professional tax, employees' state insurance, value added tax and goods and service tax (GST). 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.
 - (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 except as mentioned below:

Orchid Hotels Pune Private LimitedAnnexure 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]

Name of the Statute	Amount (Rs. In lakhs)	Nature of the dues	Financial Year to which matter pertains	Forum where dispute is pending
Maharashtra Value Added Tax Act 2002	11.02	Tax liability	2011-12	Joint Commissioner of Sales Tax (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in payment of interest and repayment of principal to banks as tabulated below:

Sr.No.	Name of the lender	Amount of default (Rs. In lakhs)	Period of delay	Remarks
1	International Asset Reconstruction Company*	17,415.31	2466 days	Principal
		1,418.68**	2528 days	Interest

*Outstanding term loan and interest assigned by ICICI Bank to Asset Reconstruction Company India Limited (ARCIL) in earlier years. During the earlier year, this ARCIL has assigned this loan to International Asset Reconstruction Company (IARC).

**Excluding liability not provided in the books of account [Also refer note 24.4].

The Company has not borrowed any money from the financial institution, Government or by way of debentures.

- ix. The Company has neither raised money by way of initial public offer or further public offer [including debt instruments] & term loans during the year nor does it have 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 Ind AS financial statements as required under IndAS24, Related Party Disclosure specified under section 133 of the Act [Also refer note 39 of Ind AS 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.

Orchid Hotels Pune 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]

- 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:20103286AAAADW7022

Place: Mumbai

Date: 30th July 2020

Orchid Hotels Pune Private Limited

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

[Referred to in paragraph 2(g) under the heading "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 **Orchid Hotels Pune Private Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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 ('the Guidance Note') 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, 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 Ind AS 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 qualified audit opinion on the Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and

Orchid Hotels Pune Private Limited

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

[Referred to in paragraph 2(g) under the heading "Report on other legal and regulatory requirements" of our report of even date]

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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS 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:20103286AAAADW7022

Place: Mumbai

Date: 30th July 2020

Statement of profit and loss for the year ended 31st March 2020
(Amount in rupees in 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	28	4,440.48	4,549.18
Other income	29	43.09	30.09
Total income (A)		4,483.57	4,579.27
B Expenses			
Cost of materials consumed	30	401.47	500.43
Employee benefit expenses	31	1,177.34	1,108.18
Finance cost	32	272.41	1.75
Depreciation and amortisation	5, 6 & 7	743.16	719.62
Other expenses	33	2,135.27	2,491.59
Total expenses (B)		4,729.65	4,821.57
C (Loss) before exceptional items and tax (A - B) (C)		(246.08)	(242.30)
Exceptional item - income / (expense)	34	(532.20)	(634.44)
D (Loss) before tax (D)		(778.28)	(876.74)
E Tax expense:			
- Current tax	10	-	-
- Deferred tax charge/ (credit)		-	-
Total tax expense (E)		-	-
F (Loss) after tax (D - E) (F)		(778.28)	(876.74)
G Other comprehensive income / (loss)			
a. (i) Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined benefit plans - Gain/(loss)		(2.18)	(1.59)
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		-	-
b. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be classified to profit or loss		-	-
Other comprehensive income/ (loss) for the year (G)		(2.18)	(1.59)
H Total comprehensive (loss) for the year (F + G)		(780.46)	(878.33)
Basic and diluted earnings/ (loss) per share	40	(6.62)	(7.45)
Equity shares [Face value of Rs. 10 each]			
Significant accounting policies and notes to financial statements	1 to 46		

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

sd/-

Milan Mody
Partner
Membership No. : 103286

Place: Mumbai
Date: 30th July, 2020

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

sd/-

sd/-

B.C.Kamdar
Managing Director
DIN: 01972386

Ramnath P. Sarang
Director
DIN: 02544807

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 (Audited)	Year ended 31st March 2019 (Audited)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before taxation and other comprehensive income		(778.28)	(876.74)
Adjustments for:			
Finance cost		272.41	1.75
Interest income		(31.21)	(15.01)
Depreciation and amortisation		743.16	719.62
Provision for impairment of property, plant and equipment (Exceptional item)		532.20	-
Capital advances written off (Exceptional item)		-	634.44
Provision for doubtful custom duty receivable		45.00	-
Allowances for expected credit losses		-	25.70
Bad debts and advances written off		-	139.37
Excess provision of expected credit loss written back		(27.24)	-
Operating profit / (loss) before working capital changes		756.04	629.12
Movements in working capital : [Including current and non-current]			
(Increase) / decrease in loans, trade receivable and other assets		125.86	51.59
(Increase) / decrease in inventories		12.31	4.29
Increase / (decrease) in trade payable, other liabilities and provisions		77.52	126.05
Cash generated/used from operations before tax		971.73	811.05
Adjustment for:			
Direct taxes - Refund received/ (taxes paid) (Tax deducted at source)		(74.30)	(0.68)
Net cash generated/(used) in operating activities(A)		897.43	810.38
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment and intangible asset (Including capital work in progress and capital advances)		(135.34)	(463.61)
Interest income		23.78	14.43
(Increase)/decrease in bank balance [current and non-current] (other than cash and cash equivalent)		(6.32)	59.47
Cash generated/(used) from investing activities before tax		(117.88)	(389.71)
Adjustment for:			
Direct taxes - Refund received/ (taxes paid) (Tax deducted at source)	43(i)	(2.13)	(0.30)
Net cash generated/(used) in investing activities(B)		(120.01)	(390.01)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Temporary repayment of long term borrowing		(1,320.00)	(430.00)
Temporary repayment received back		1,320.00	430.00
Repayment of short term borrowing		-	(72.38)
Interest paid (Including other borrowing cost)		(12.15)	(1.14)
Net cash generated/(used) in financing activities(C)		(12.15)	(73.52)
Net increase / (decrease) in cash and cash equivalents (A+ B+C)		765.27	346.85
Cash and cash equivalents at beginning of the year		485.08	138.23
Cash and cash equivalents at end of the year	16	1,250.35	485.08
Net increase / (decrease) in cash and cash equivalents		765.27	346.85
Significant accounting policies and notes to financial statement	1 to 46		

Notes referred to herein above form an integral part of 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
Orchid Hotels Pune Private Limited**

sd/-

B.C.Kamdar

Managing Director

DIN: 01972386

Place: Mumbai

Date: 30th July, 2020

sd/-

Ramnath P. Sarang

Director

DIN: 02544807

Statement of changes in equity for the year ended 31st March 2020

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

(a) Equity share capital

Particulars	As at 31st March 2020	As at 31st March 2019
Opening balance	1,176.47	1,176.47
Changes in equity share capital during the year	-	-
Closing balance	1,176.47	1,176.47

(Also refer note 18)

(b) Other equity

Particulars	Reserves & surplus		OCI*	Total other equity
	Securities Premium	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at 1st April, 2018	6,379.62	(34,318.55)	15.75	(27,923.18)
(Loss) for the year 2018-2019	-	(876.74)	-	(876.74)
Other comprehensive income/ (loss) for the year 2018-2019	-	-	(1.59)	(1.59)
Balance as at 31st March 2019	6,379.62	(35,195.29)	14.16	(28,801.51)
(Loss) for the year 2019-2020	-	(778.28)	-	(778.28)
Other comprehensive income/ (loss) for the year 2019-2020	-	-	(2.18)	(2.18)
Balance as at 31st March 2020	6,379.62	(35,973.57)	11.98	(29,581.97)

(Also refer note 19)

*Other comprehensive income

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
Orchid Hotels Pune Private Limited**

sd/-

Milan Mody
Partner
Membership No. : 103286

Place: Mumbai
Date: 30th July, 2020

sd/-

B.C.Kamdar
Managing Director
DIN: 01972386

Place: Mumbai
Date: 30th July, 2020

sd/-

Ramnath P. Sarang
Director
DIN: 02544807

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

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

5	Property, plant and equipment	Building on lease hold land and lease hold improvement (Refer note 5.1, 5.3 & 5.4)	Plant & Equipment	Furniture & Fixtures	Office Equipments	Total
	Gross carrying value					
	Balance as at 31st March, 2018	37,117.00	2,291.29	152.29	17.43	39,578.01
	Additions during the year 2018-2019	380.92	52.30	2.70	1.72	437.64
	Deletions during the year 2018-2019	-	-	-	-	-
	Balance as at 31st March, 2019	37,497.92	2,343.59	154.99	19.15	40,015.65
	Additions during the year 2019-2020	74.65	60.74	11.56	0.49	147.44
	Deletions during the year 2019-2020	-	-	-	-	-
	Balance as at 31st March, 2020	37,572.57	2,404.33	166.55	19.64	40,163.09
	Accumulated depreciation					
	Balance as at 31st March, 2018 (Refer note 5.4)	22,811.63	695.29	70.25	0.84	23,578.01
	Additions during the year 2018-2019	415.67	268.69	30.97	3.82	719.15
	Deletions during the year 2018-2019	-	-	-	-	-
	Balance as at 31st March, 2019	23,227.30	963.98	101.22	4.66	24,297.16
	Additions during the year 2019-2020	502.61	186.91	17.68	2.49	709.69
	Deletions during the year 2019-2020	-	-	-	-	-
	Impairment loss (Refer note 34.1)	532.20	-	-	-	532.20
	Balance as at 31st March, 2020	24,262.11	1,150.89	118.90	7.15	25,539.05
	Net carrying amount					
	Balance as at 31st March, 2019	14,270.62	1,379.61	53.77	14.49	15,718.49
	Balance as at 31st March, 2020	13,310.46	1,253.44	47.65	12.49	14,624.04

Notes:

- 5.1 Cost includes improvement to building constructed on leasehold land.
- 5.2 The entire block assets of the Company is mortgaged/ hypothecated towards term loan facility from lenders (Refer note 24.2).
- 5.3 Addition to building on lease hold land and lease hold improvement includes capital expenditure of Rs. Nil (Previous year Rs. 380.92 lakhs) for rebranding and upgradation of the hotel property.
- 5.4 Accumulated depreciation of 'building on lease hold land and lease hold improvement' as at 31st March, 2018 is including provision for impairment loss of Rs. 21,400.09 lakhs.

6	Right of use asset (Refer note 42)	Land	Total
	Gross carrying value		
	Balance as at 31st March, 2018	-	-
	Additions during the year 2018-2019	-	-
	Deletions during the year 2018-2019	-	-
	Balance as at 31st March, 2019	-	-
	Additions during the year 2019-2020	1,597.24	1,597.24
	Deletions during the year 2019-2020	-	-
	Balance as at 31st March, 2020	1,597.24	1,597.24
	Accumulated depreciation		
	Balance as at 31st March, 2018	-	-
	Additions during the year 2018-2019	-	-
	Deletions during the year 2018-2019	-	-
	Balance as at 31st March, 2019	-	-
	Additions during the year 2019-2020	32.26	32.26
	Deletions during the year 2019-2020	-	-
	Balance as at 31st March, 2020	32.26	32.26
	Net carrying amount		
	Balance as at 31st March, 2019	-	-
	Balance as at 31st March, 2020	1,564.98	1,564.98

Orchid Hotels Pune Private Limited

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

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

7 Other intangible assets	Software	Total
Gross carrying value		
Balance as at 31st March, 2018	3.20	3.20
Additions during the year 2018-2019	5.98	5.98
Deletions during the year 2018-2019	-	-
Balance as at 31st March, 2019	9.18	9.18
Additions during the year 2019-2020	4.44	4.44
Deletions during the year 2019-2020	-	-
Balance as at 31st March, 2020	13.62	13.62
Accumulated amortisation		
Balance as at 31st March, 2018	0.81	0.81
Additions during the year 2018-2019	0.47	0.47
Deletions during the year 2018-2019	-	-
Balance as at 31st March, 2019	1.28	1.28
Additions during the year 2019-2020	1.20	1.20
Deletions during the year 2019-2020	-	-
Balance as at 31st March, 2020	2.48	2.48
Net carrying amount		
Balance as at 31st March, 2019	7.90	7.90
Balance as at 31st March, 2020	11.14	11.14

Notes:

7.1 Software is other than internally generated software.

7.2 Balance useful life of intangible asset is 1 year to 9 years (Previous year: 1 year to 9 years).

8 Capital work in progress	As at 31st March 2020	As at 31st March 2019
Opening balance	-	-
Add: Additions during the year	147.44	437.64
Less: Capitalised during the year	147.44	437.64
Closing balance	-	-

9 Loans - Non-current (Unsecured, considered good)	As at 31st March 2020	As at 31st March 2019
Security deposit	49.94	49.72
Total	49.94	49.72

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

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

9A	Other financial assets - non-current	As at 31st March 2020	As at 31st March 2019
	Fixed deposit with bank (Margin money) - Maturity of more than 12 Months (Refer note 9A.1)	3.34	29.63
	Total	3.34	29.63

9A.1 Fixed deposit is given as margin money to the Banks for guarantee given by banks to Government and other authorities on behalf of the Company.

10	Deferred tax assets (net)	As at 31st March 2020	As at 31st March 2019
	Major components of deferred tax assets and deferred tax liabilities:		
	Deferred tax assets		
	Carried forward losses as per Income Tax Act, 1961	6,918.24	7,226.39
	Expense allowed on payment basis as per Income tax act, 1961	523.88	520.40
	Difference in net carrying value of fixed asset as per income tax and books	774.63	996.43
	Sub-total (A)	8,216.75	8,743.22
	Less: Deferred tax asset not recognised [Refer Note 10.1(b)]	8,216.75	8,743.22
	Deferred tax assets/(liability) (A-B)	-	-

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

Particulars	As at 31st March 2020	Year ended 31st March 2019
Accounting profit before tax from operations	(778.28)	(876.74)
Income tax liability/(asset) as per applicable tax rate i.e. 25.17% (Previous year: 26.00%) Refer note 10.1(b).	(195.88)	(227.95)
(a) Permanent disallowance	3.63	165.05
(b) Deferred tax asset/(liability) not recognised (Refer note (b) below)	192.25	62.90
Tax expense reported in the statement of profit and loss	-	-

Particulars	As at 31st March 2020	Year ended 31st March 2019
Other comprehensive income	(2.18)	(1.59)
Income tax liability/(asset) as per applicable tax rate i.e. 25.17% (Previous year: 26.00%). Refer note 10.1(b).	(0.55)	(0.41)
(a) Deferred tax asset/(liability) not recognised (Refer note (b) below)	0.55	0.41
Tax expense/(credit) reported in Other comprehensive income	-	-

Note:

- (a) The Company offsets tax assets and liabilities in and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same authority.
- (b) No provision for income tax has been made in the current as well as in the previous year as there is no taxable income as per the Income Tax Act, 1961. Further, the Company has decided to opt for new income tax regime by applying lower rate as per section 115BAA of the Income Tax Act, 1961. Accordingly, deferred tax is calculated at lower tax rate for the year ended 31st March 2020. 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. Considering same, the Company has not recognised deferred tax asset as in near future there is low probability that taxable profit will be available against which it can be utilised. The unused business losses is having expiry period from 1 to 8 years as at 31st March 2020 (1 to 8 years as at 31st March 2019).

Orchid Hotels Pune Private Limited

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

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

11	Income tax assets (net)	As at 31st March 2020	As at 31st March 2019
	Income tax (Tax deducted at source)	84.52	98.36
	Total	84.52	98.36

12	Other non current assets	As at 31st March 2020	As at 31st March 2019
	Advance for property, plant and equipment	2.40	18.46
	Prepaid expenses	0.17	0.33
	Total	2.57	18.79

13	Inventories (At lower of cost or net realisable value)	As at 31st March 2020	As at 31st March 2019
	Food and beverages	31.46	34.05
	Stores and operating supplies	24.24	33.96
	Total	55.70	68.01

14	Trade receivable (Unsecured considered good, unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	-Considered good	110.82	171.56
	-Considered doubtful	23.52	50.76
		134.34	222.32
	Less: Allowance for expected credit loss*	23.52	50.76
	Total	110.82	171.56

*The Company recognizes expected loss allowances using the expected credit loss (ECL) model based on 'simplified approach'. Considering same there are trade receivable having significant credit risk [Also refer note 3.15.1 and 36(a)(ii)].

15	Cash and bank balances	As at 31st March 2020	As at 31st March 2019
	Cash and cash equivalent		
	Cash in hand	3.20	5.59
	Balances with bank		
	- In current accounts	31.69	49.49
	- Cheques in hand	270.00	430.00
	- Fixed deposit	945.46	-
		1,250.35	485.08
	Bank balances (other than cash and cash equivalent)		
	Fixed deposit (maturity less than 12 months) (Refer note 15.1)	41.10	-
	Total	1,291.45	485.08

- 15.1 Bank balances other than cash and cash equivalent includes fixed deposit of Rs. 41.10 lakhs (Previous year Rs. Nil) given as margin money to the Banks for guarantees given by banks to Government and other authorities on behalf of the Company.

Orchid Hotels Pune Private Limited

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

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

16	Other current financial asset	As at	As at
		31st March 2020	31st March 2019
	Interest on deposits receivable	12.13	4.70
	Total	12.13	4.70

16A	Income tax assets (net)	As at	As at
		31st March 2020	31st March 2019
	Income tax (Tax deducted at source)	85.12	-
	Total	85.12	-

17	Other current assets	As at	As at
		31st March 2020	31st March 2019
	Prepaid expenses	19.68	51.85
	Advance to suppliers	13.40	24.82
	Advance to staff / recoverable	0.85	0.68
	Advances - others	0.40	2.71
	Export incentives receivable	14.50	16.65
	Balance with authorities (Refer note 17.1 and 17.2)	121.53	114.93
	Less:- Allowance for doubtful receivable	(45.00)	-
		76.53	114.93
	Total	125.36	211.64

17.1 Balance with authorities includes Rs. 45.00 lakhs (Previous year: Rs. 45.00 lakhs), being bank guarantee invoked by Commissioner of Customs in the earlier year in relation to non-fulfilment of export obligations. The Company had submitted all the documents related to fulfilment of export obligations to the custom authorities and order for cancellation of 'Bond and Bank Guarantee' was issued by the Commissioner of Customs except for Rs. 2.00 lakhs. Company had filed application for refund with the of Commissioner of Customs, however, refund is awaited. Considering uncertainty of collection, the Company has fully provided for custom duty receivable in current year.

17.2 Balance of authorities includes input tax credit (ITC) of Rs. 76.53 lakhs (Previous year: 69.93 lakhs) of Goods and service tax (GST) taken based on legal interpretation.

18	Equity share capital	As at	As at
		31st March 2020	31st March 2019
	Authorised capital 2,50,00,000 equity shares (Previous year: 2,50,00,000) of Rs.10 each	2,500.00	2,500.00
	Total	2,500.00	2,500.00
	Issued, subscribed and paid-up 1,17,64,706 equity shares (Previous year: 1,17,64,706) of Rs.10 each	1,176.47	1,176.47
	Total	1,176.47	1,176.47

18.1 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).

18.2 Movements in equity share capital

Particulars	FY 2019-20		FY 2018-19	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the year	1,17,64,706	1,176.47	1,17,64,706	1,176.47
Add: Shares issued during the year	-	-	-	-
Number of shares at the end of the year	1,17,64,706	1,176.47	1,17,64,706	1,176.47

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

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

18.3 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%	1,17,64,706	100%	1,17,64,706

*Out of above two shares are held by Dr. Vithal V. Kamat and one share is held by Mr. Narendra Pai (Previous year one share each held by Dr. Vithal V. Kamat, Mr. Babu Devadiga, Mr. Narendra Pai) as nominee of Kamat Hotels (India) Limited.

18.4 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%	1,17,64,706	100%	1,17,64,706

*Out of above two shares are held by Dr. Vithal V. Kamat and one share is held by Mr. Narendra Pai (Previous year one share each held by Dr. Vithal V. Kamat, Mr. Babu Devadiga, Mr. Narendra Pai) as nominee of Kamat Hotels (India) Limited.

19 Other equity	As at 31st March 2020	As at 31st March 2019
Securities premium (Refer note 19.1): As per last balance sheet	6,379.62	6,379.62
	6,379.62	6,379.62
Retained earnings - Surplus/(Deficit) in the Statement of Profit and Loss: As per last balance sheet Add: (Loss) for the year	(35,195.29) (778.28)	(34,318.55) (876.74)
Closing balance	(35,973.57)	(35,195.29)
Other comprehensive income As per last balance sheet Profit/(loss) for the year	14.16 (2.18)	15.75 (1.59)
Closing balance	11.98	14.16
Total	(29,581.97)	(28,801.51)

19.1 Securities premium account is used to record the premium on issue of equity shares. The same is utilised in accordance with the provisions of the Companies Act, 2013.

20 Borrowings - Non-current	As at 31st March 2020	As at 31st March 2019
Secured Term loans (Refer Note 24.1,24.2, 24.3 and 24.4) - From others	18,833.99	18,833.99
Unsecured loan From holding company (Refer note 20.1)	23,844.56	23,844.56
	42,678.55	42,678.55
Less: Current maturities of long term loans (Refer note 24)	(17,415.31)	(17,415.31)
Less: Interest accrued and due (shown under other financial liabilities) (Refer note 24)	(5,616.84)	(5,616.84)
Total	19,646.40	19,646.40

20.1 The unsecured loan 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 with the Company. This loan was carrying interest of 14.00% p.a. which was subject to revision based on average cost of borrowings of the Holding Company. In view of various adverse factors and the request made to holding company by the Company for waiver of interest, holding company had waived off interest on the unsecured loan granted until there is improvement in the financial position of the Company. Accordingly no interest is levied w.e.f. 1st January, 2014 till 31st March 2020.

Orchid Hotels Pune Private Limited

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

21	Lease liabilities - Non current	As at	As at
		31st March 2020	31st March 2019
	Lease rent (Refer note 42)	1,404.92	-
	Total	1,404.92	-

22	Provisions - Non-current	As at	As at
		31st March 2020	31st March 2019
	Provision for gratuity (Refer Note 41)	35.85	21.23
	Provision for leave benefits (Refer Note 41)	46.97	45.06
	Total	82.82	66.29

23	Trade payables	As at	As at
		31st March 2020	31st March 2019
	Outstanding dues of micro and small enterprises (Refer note 23.1)	41.00	26.98
	Outstanding dues to other than micro and small enterprises	281.99	182.04
	Total	322.99	209.02

- 23.1 The amount due to Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act (MSMED Act), 2006 has been determined to the extent such parties have been identified on the basis of information collected by the management. The disclosure relating to Micro, Small and Medium Enterprises is as under:

Trade payables	As at	As at
	31st March 2020	31st March 2019
Dues remaining unpaid at the year end:		
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	41.00	26.98
(b) The interest thereon remaining unpaid to supplier as at the end of the accounting year	0.36	0.61
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
(d) Amount of interest due and payable for the year	0.71	0.61
(e) Amount of interest accrued and remaining unpaid at the end of the accounting year	1.32	0.61
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid	1.93	1.31

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

24	Other financial liabilities	As at 31st March 2020	As at 31st March 2019
	Current maturities of long term borrowings (Assigned to IARC) (Refer Note 24.1, 24.2, 24.3 and 24.4)	17,415.31	17,415.31
	Interest accrued and due - Others (Refer Note 24.1, 24.2, 24.3 and 24.4)	1,418.68	1,418.68
	Interest accrued and due to holding company (Refer note 20.1)	4,198.16	4,198.16
	Interest payable to MSME creditors	1.32	0.61
	Lease premium payable (Refer Note 24.5 and 33.1)	1,405.94	1,146.24
	Creditors for capital expenditure		
	- Dues to Micro and small enterprises	-	-
	- Dues to others	6.69	6.20
	Security deposit	23.19	27.04
	Other payable	173.60	170.72
	Total	24,642.89	24,382.96

24.1 Term loan taken from a bank in earlier years became non-performing asset (NPA) in the year 2013. These loans were assigned by the Bank to Asset Reconstruction Company India Limited (ARCIL) vide assignment agreement dated 27th September 2013. ARCIL (jointly with ICICI Bank had filed a suit before Debt Recovery Tribunal (DRT) for recovery of their dues and seeking some reliefs, which is pending.

24.2 Details of security provided

This loan is secured by (i) first charge on all movable and immovable fixed assets of the Company both present and future; (ii) exclusive charge by way of hypothecation of the stocks, current assets including book debts, bills receivables both present and future; (iii) pledge of 30% equity of the Company held by the holding company; (iv) guaranteed by corporate guarantee of Kamat Hotels (India) Ltd (Holding Co.), Kamats Development Private Limited (a Company in which the director of the Company is a director); and (v) personal guarantees of Director and ex-Director.

24.3 In respect of borrowing from IARC [assigned by ARCIL], outstanding balance as on 31st March 2020 (including interest liability accounted upto 30th September 2013) is subject to confirmation. No balance confirmation was available in previous year also.

24.4 In respect of outstanding loan (originally taken from ICICI Bank which subsequently was assigned to ARCIL), ARCIL rejected the Company's One Time Settlement ('OTS') proposal dated 10th November 2018 amounting to Rs. 13,425.00 lakhs with upfront payment of Rs. 200 lakhs vide letter dated 29th November 2018, on ground of "Proposal not acceptable in the present form as also it is not fully tied up in terms of funding and is without substantial upfront payment". A petition was filed by ARCIL with National Company Law Tribunal ('NCLT') for dues amounting to Rs. 41,157.98 lakhs on 6th December, 2018. The Company submitted its fresh binding OTS proposal enhancing its offer further to an amount of Rs. 14,500.00 lakhs with the plan of payment. While Company's offer was pending with ARCIL, ARCIL re-assigned the loan to Internation Asset Reconstruction Company Private Limited (IARC) for an aggregate amount of Rs. 13,500.00 lakhs. As per the assignment agreement, total amount due from the Company upto 24th December 2018 was Rs. 42,110.91 lakhs. This assignment by ARCIL to IARC was challenged by the Company before Hon'ble Bombay High Court and thereafter was withdrawn considering verbal & written (mail dated 27th December, 2018) assurances by IARC for amicable resolution with the Company. On 28th December 2018, ARCIL informed the Company about re-assignment of loan to IARC. On 12th January 2019, ARCIL withdrew its petition from NCLT claiming amount of Rs. 41,157.98 lakhs. In the current year, there is no further development in the aforesaid matter.

The Company has accounted interest on loan only up to 30th September 2013. Principal amount including unpaid interest upto 30th September, 2013 aggregating to Rs. 18,833.99 lakhs is appearing in the books. While in the opinion of the management, no further liability is required to be accounted based on their discussions and agreements for amicable resolution of the settlement of loan would not be higher than the amounts already recorded in the books and it is subject to execution of agreement with the lenders.

24.5 In respect of dispute over lease rent levied by Director of Sports, the Company has accounted for the liability amounting to Rs. 1,405.94 lakhs as at 31st March 2020 (Previous year: Rs. 1,146.24 lakhs) for the period from 1st November 2014 to 31st March 2020; however, the same has not been paid. Further, in the current year, the Hon'ble Bombay High Court has appointed sole arbitrator to resolve the disputes in the arbitration proceedings. As per the management, interest / penalty, if any, will be accounted in the year in which dispute will be resolved. Since full provision has been made, same is not disclosed as contingent liability (Also refer note 33.1).

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24.6	Particulars of guarantee jointly given by directors/ relatives and other related parties for loan facilities availed by the Company	As at 31st March 2020	As at 31st March 2019
	(i) by a director of the Company and his relative	18,906.38	18,906.38
	(ii) by Holding Company	18,906.38	18,906.38
	(iii) by a company in which a director of the Company is a director	18,906.38	18,906.38

25	Lease liabilities - current	As at 31st March 2020	As at 31st March 2019
	Lease rent (Refer note 42)	192.17	-
	Total	192.17	-

26	Other current liabilities	As at 31st March 2020	As at 31st March 2019
	Advance from customers	69.69	70.78
	Statutory dues	58.28	107.76
	Total	127.97	178.54

27	Provisions - Current	As at 31st March 2020	As at 31st March 2019
	Provision for gratuity (Refer note 41)	1.15	0.43
	Provision for leave benefits (Refer note 41)	5.30	5.28
	Total	6.45	5.71

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28	Revenue from operations	Year ended 31st March 2020	Year ended 31st March 2019
	Room rent income	2,437.11	2,449.47
	Food and beverages	1,699.86	1,848.88
	Hall hire charges- income	187.71	90.49
	Other incidental hotel services	48.26	47.70
	Sub total(A)	4,372.94	4,436.54
	Other operating income		
	- Liabilities and provisions no longer payable, written back	9.38	78.28
	- Excess provision of expected credit loss written back	27.24	-
	- License fee	15.83	17.03
	- Export incentives	15.09	17.33
	Sub total(B)	67.54	112.64
	Total (A+B)	4,440.48	4,549.18
29	Other income	Year ended 31st March 2020	Year ended 31st March 2019
	Interest earned from financial assets at amortised cost		
	- On fixed deposit	21.34	2.97
	- Others	4.72	12.04
	- On income tax refund	5.15	-
	Miscellaneous income	11.88	15.08
	Total	43.09	30.09
30	Cost of materials consumed	Year ended 31st March 2020	Year ended 31st March 2019
	Opening stock	34.05	50.70
	Add: Purchases	398.88	483.78
		432.93	534.48
	Less: Closing stock	31.46	34.05
	Total	401.47	500.43
31	Employee benefit expenses	Year ended 31st March 2020	Year ended 31st March 2019
	Salaries and wages	1,041.22	968.30
	Contribution to provident and other funds (net)	50.95	48.24
	Provision for gratuity (Refer note 41)	13.45	7.03
	Provision for leave benefit (Refer note 41)	1.94	34.08
	Staff welfare expenses	69.78	50.53
	Total	1,177.34	1,108.18
32	Finance costs	Year ended 31st March 2020	Year ended 31st March 2019
	Interest on delayed statutory dues	12.86	1.75
	Interest expense on lease liabilities (Refer note 42)	259.55	-
	Total	272.41	1.75

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33 Other expenses	Year ended 31st March 2020	Year ended 31st March 2019
Operating expenses		
Power and fuel	388.58	425.93
Licence, rates and taxes (note 33.1 and 33.2)	178.10	430.58
Expenses on apartments and board	175.05	163.85
Sanitation and laundry (net)	52.81	51.54
Repairs to		
- Building	235.71	120.75
- Plant and machinery	124.09	126.29
- Others	73.22	106.57
Replacements of operating supplies	34.57	44.93
Hire charges	76.78	51.98
Management consultancy fees and royalty	184.80	181.58
Water charges	23.64	25.07
Sub total(A)	1,547.35	1,729.07
Sales and marketing expenses		
Commission	216.70	266.61
Advertisement, publicity and sales promotion	158.04	117.95
Sub total(B)	374.74	384.56
Administrative and general expenses		
Insurance	16.45	16.34
Travelling and conveyance	20.70	15.05
Printing and stationery	23.79	25.05
Telecommunication expenses	7.71	7.83
Vehicle expenses	6.96	3.67
Legal, professional and consultancy charges	25.14	193.94
Auditors remuneration (Refer note 33.3)	1.45	1.40
Allowance for doubtful receivable	45.00	-
Provision for doubtful debts	-	25.70
Bad debts written off	-	135.69
Less: Provision for expected credit loss	-	(101.24)
Advances written off	-	3.68
Miscellaneous expenses	65.98	50.85
Sub total(C)	213.18	377.96
Total (A+B+C)	2,135.27	2,491.59

33.1 In earlier years, the Company had filed Arbitration Petition in Pune Court for deciding the disputes with the Director of Sports, Pune requiring reduction in annual lease premium payable to Director of Sports and granting of payment of the said premium in monthly installments instead of advance payment. The Company had also requested for relief from furnishing additional bank guarantee (BG) and restraining the authorities from invoking the existing BGs. Further, the Company had filed Arbitration Petition before the Hon'ble Bombay High Court invoking section 11 of Arbitration and Conciliation Act, 1996 for the dispute on lease premium, bank guarantee, property tax and other matters. As per the order of the court, the Arbitration proceedings has commenced during the year. Adjustment, if any in the books will be made on disposal of the cases.

33.2 The Pune Municipal Corporation (PMC) has been raising demand for property tax for plot of land since 2007 in respect of the Company's property at Balewadi, Pune and Company has paid said taxes. PMC had also revised the Annual Ratable Value (ARV) retrospectively from 1st October, 2008 and assessed the Company's Hotel building for property tax purposes. The Company has disputed the said action and demand by filing a Municipal Appeal in appropriate court, which is pending for hearing.

In the meantime, during the pendency of the matter, the Company had paid entire dues up to March 2017 under Amnesty Scheme. Also, the Company has paid municipal taxes for the subsequent period upto 31st March, 2020. Any adjustments of payment already deposited will be made subject to disposal of the cases.

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Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Statutory audit fees	1.30	1.20
Tax audit fees	0.15	0.20
Total	1.45	1.40

Note: Above fees are excluding of goods and service tax (GST) of Rs.0.26 lakhs (Previous year Rs. 0.25 lakhs).**34 Exceptional item**

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Impairment of leasehold improvement (Refer note 34.1)	532.20	-
Capital advance given written off (Refer note 34.2)	-	634.44
Total	532.20	634.44

34.1 In accordance with Ind AS 36 - "Impairment of Assets", based on management's review of the recoverable value in respect to net block of fixed assets as on 31st March 2020, provision for impairment loss amounting to Rs. 532.20 lakhs is recognised. Total amount of impairment loss recognised till 31st March 2020 including earlier year is Rs. 21,932.29 lakhs.

34.2 The Company had paid capital advance in the year 2012-13 in relation to construction of Convention Centre at its hotel property in Pune. The said Convention Centre was partly constructed and demolished in view of objections by the municipal authorities. Considering this is old balance outstanding, period of limitation in refund claims, same has been written off during the previous year.

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35 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)	Other non-current financial asset	49.94	-	-	49.72	-	-
(ii)	Trade receivables (net)	110.82	-	-	171.56	-	-
(iii)	Cash and bank balances	1,291.45	-	-	485.08	-	-
(iv)	Other current financial assets	12.13	-	-	4.70	-	-
	Total financial assets	1,464.34	-	-	711.06	-	-
B	Financial liabilities						
(i)	Borrowings- Non-current	19,646.40	-	-	19,646.40	-	-
(ii)	Trade payables	322.99	-	-	209.02	-	-
(iii)	Other current financial liabilities	24,642.89	-	-	24,382.96	-	-
(iv)	Lease liabilities - Non-current	1,404.92	-	-	-	-	-
(v)	Lease liabilities - current	192.17	-	-	-	-	-
	Total financial liabilities	46,209.37	-	-	44,238.38	-	-

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 management assessed that fair value of trade receivables (net), cash and bank balances, other current financial assets, trade payables, other current financial liabilities and lease liabilities-current approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of other non-current financial asset, borrowings- non-current and lease liabilities non-current which will be approximate to their carrying amounts.

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(c) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(d) Fair value of instruments measured at amortised cost:

Particulars	Level	31st March 2020		31st March 2019	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Other non-current financial asset	Level 3	49.94	49.94	49.72	49.72
Total financial assets		49.94	49.94	49.72	49.72
Financial liabilities					
Borrowings- Non-current	Level 3	19,646.40	19,646.40	19,646.40	19,646.40
Lease liabilities - Non current	Level 3	1,404.92	1,404.92	-	-
Total financial liabilities		21,051.32	21,051.32	19,646.40	19,646.40

Notes:

(i) The above disclosures are given only for non-current financial assets and non-current financial liabilities. Short term financial assets and current financial liabilities (cash and cash equivalents, other receivables, trade payables and other current financial liabilities) represents the best estimate of fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

36 Risk management framework

The Company has exposure to the three risks mainly funding/ liquidity risk, credit risk, market risk. The Company's overall risk management Programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. 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 market conditions and Company's activities.

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(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 deposit with banks.

(i) Cash and cash equivalent

The Company considers factors such as track record, size of institution, market reputation and service standards to select the banks with which balances and deposits are maintained. The bank balance and fixed deposits are generally maintained with the banks with whom the Company has regular transactions. Further, the Company does not maintain significant cash in hand other than those required for its day to day operations. Considering the same, the Company is not exposed to expected credit loss of cash and cash equivalent and bank deposits.

(ii) Trade receivables

The major exposure to the credit risk at the reporting date is primarily from receivable comprising of trade receivables. Credit risk on receivable is limited due to the Company's diverse customer base. The effective monitoring and controlling of credit risk through credit evaluations is a core competency of the Company's risk management system.

For expected credit loss of trade receivable, Company follows simplified approach as per which provision is made for receivable exceeding six months. This is based on historically observed default rates over the expected life of trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Reconciliation of Expected Credit Allowance (ECL) is as given below:

Particulars	31st March 2020	31st March 2019
Balance at the beginning	50.76	126.30
Less: Reversed	27.24	-
Less: Utilized	-	101.24
	23.52	25.06
Add: Provision for ECL made during the year	-	25.70
Balance at the year end	23.52	50.76

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(b) Liquidity Risk :

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

(i) Maturities of financial liabilities:

Particulars	Less than 1 year	1 to 5 year	Above 5 years	Total
As at 31st March 2020				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	322.99	-	-	322.99
Other financial liabilities	7,227.56	-	-	7,227.56
Lease liabilities	192.17	625.57	779.35	1,597.09
As at 31st March 2019				
Borrowings	17,415.31	19,646.40	-	37,061.71
Trade payables	209.02	-	-	209.02
Other financial liabilities	6,967.65	-	-	6,967.65
Lease liabilities	-	-	-	-

(c) Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The pre dominant currency of the Company's revenue and operating cash flows is Indian Rupees (INR). Company has earnings in foreign currency. There is no foreign currency risk as there is no outstanding foreign currency exposure at the year end.

(i) Interest rate risk

The Company has outstanding loan payable to holding company and IARC [term loan assigned by ICICI Bank]. With respect to loan from IARC, Company has not provided/ paid any interest on these loans [Refer note 24.4]. With respect to loan from holding company, interest is waived. [Also refer note 20.1]. Considering same, interest rate risk as defined in Ind AS 107 is not quantifiable, since the future cash flows are dependent on settlement procedures and financial position of the Company.

(ii) Foreign Currency Risk

The pre dominant currency of the Company's revenue and operating cash flows is Indian Rupees (INR). Company has earnings in foreign currency, however it has no exposure in foreign currency at the year end. Considering the same, there is no foreign currency risk to the Company.

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37 Capital risk 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'. The Company manages its capital structure and make adjustments to, in light of changes in economic conditions, and the risk characteristics of underlying assets. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. The Company monitors capital using 'Total Debt' to 'Equity'. The Company's total debt to equity are as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Total debt	37,061.71	37,061.71
Total capital (total equity shareholder's fund)	(28,405.50)	(27,625.04)
Net debt to equity ratio	(1.30)	(1.34)

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Notes to financial statements for the year ended 31st March, 2020*(Amount in rupees in lakhs, except share and per share data, unless otherwise stated)***38 Capital commitments, other commitments and contingent liabilities****38.1 Capital Commitments**

- (a) Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advance) Rs. Nil (Previous year: Rs. 27.00 lakhs) (Net of advances)
- (b) **Other significant commitments** : Nil (Previous year: Nil)

38.2 Contingent liability

- (a) Open import licenses Rs. 2.00 lakhs (Previous year: Rs. 2.00 lakhs).
- (b) Counter Guarantees issued by the Company to secure Bank Guarantees Rs. 18.34 lakhs (Previous year: Rs. 19.10 lakhs).
- (c) Claims against the Company in respect of and disputed claim of additional lease premium of Rs. 225.00 lakhs (Previous year: Rs 225.00 lakhs) by the Director of Sports, Government of Maharashtra.
- (d) ARCIL and ICICI Bank have jointly filed an application before Debt Recovery Tribunal in the earlier year claiming recovery of Rs. 25,237.90 lakhs plus further interest which has not been accepted by the Company and the matter is pending before Debt Recovery Tribunal [Also refer note 24.3 and 24.4]. Company has made interest provision only upto 30th September 2013 pending settlement with lenders. No provision is made for interest for the period from 1st October 2013 to 31st March 2020 pending settlement with the lender (Also refer note 24.4).
- (e) Disputed sales tax demand of Rs. 11.02 lakhs (Previous year: Rs. 11.02 lakhs).

In respect of (a) to (c) above, the Company does not expect any cash outflow. In respect of (d) and (e) above, future cash out flows (including interest / penalty) are determinable on settlement of loan and receipt of judgments by tax authority respectively.

39 Related party transactions**39.1 Name and relationships of related parties:**

a. Holding & Ultimate Holding Company :		Kamat Hotels (India) Limited
b. Entity in which directors of the Company has significant influence:		Kamats Development Private Limited
c. Directors / Key management personnel (KMP):	Managing Director	Mr. B. C. Kamdar
	Director	Dr. Vithal V. Kamat
		Mr. Dinkar Jadhav
		Mr. Ramnath Sarang
		Ms. Rubina Khan
	Chief Financial Officer	Mr. Surendar Thiagarajan (From 1st
	[Also refer note 39.5]	November 2018 to 25th November 2019)
		Ms. Swati Bhauskar (Upto 21st April 2018)
	Company Secretary	Mr. Vaibhav Kadam (From 27th May 2019 to 7th July 2020)
		Ms. Shruti Shirvastav (Upto 31st October 2018)
d. Relatives of director		Mr. Vikram V. Kamat

39.2 Transactions with related parties

Nature of transaction	Name of the Party	Year ended 31st March 2020	Year ended 31st March 2019
Management fees and incentive fees - expenses	Kamat Hotels (India) Limited	176.67	180.81
Staff deputation expenses		120.66	133.55
Temporary repayment of long term borrowing		1,320.00	430.00
Temporary repayment received back		1,320.00	430.00
Taxes paid on corporate guarantee comission		7.04	17.03
Amount towards tax on comission related corporate guarantee		7.84	14.85
Reimbursement of expenses (Paid on behalf of Company)		1.67	9.01

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Notes to financial statements for the year ended 31st March, 2020*(Amount in rupees in lakhs, except share and per share data, unless otherwise stated)***Transactions with related parties (Contd.)**

Nature of transaction	Name of the Party	Year ended 31st March 2020	Year ended 31st March 2019
Sitting fees	Mr. Dinkar Jadhav	0.40	0.50
	Mr. Ramnath Sarang	0.40	0.50
	Ms. Rubina Khan	0.40	0.50
Remuneration paid	Mr. Surendar Thiagarajan	7.23	4.77
	Ms. Swati Bhauskar	-	0.32

39.3 Closing balances of related parties:

Nature of transaction	Name of the Party	As at 31st March 2020	As at 31st March 2019
Trade payable	Kamat Hotels (India) Limited	91.43	18.58
Loan payable		19,646.40	19,646.40
Interest payable		4,198.16	4,198.16
Corporate Guarantee provided by holding company on behalf of the Company.		21,500.00	21,500.00
Corporate guarantee provided by the Company to bankers for credit facility availed by Holding Company.		24,755.00	24,755.00
Corporate guarantee provided on behalf of the Company.	Kamats Development Private Limited	21,500.00	21,500.00
Personal guarantee	Dr. Vithal V. Kamat	21,500.00	21,500.00
Personal guarantee	Mr. Vikram V. Kamat	21,500.00	21,500.00

39.4 Terms and conditions of related party transactions:

Outstanding balances at the year end are unsecured and settlement occurs in cash. All transactions were made on terms equivalent to those that prevail in arm's length transaction.

39.5 As at the Balance Sheet date, the Company is in the process of appointing Chief Financial Officer and Company Secretary (key managerial personnel) as required by Section 203 of the Companies Act, 2013.

40 Earnings/ (loss) per share

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Basic and diluted earning per share		
Net profit/(loss) after tax as per Statement of Profit and Loss (Rs. in lakhs)	(778.28)	(876.74)
Weighted average number of equity shares	1,17,64,706	1,17,64,706
Face value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	(6.62)	(7.45)

41 Employee benefit obligations**(i) Defined contribution plans**

The Company has certain defined contribution plans. The obligation of the Company is limited to the amount contributed and it has no further contractual obligation. Following is the details regarding Company's contributions made during the year:

Particulars of defined contribution plan	2019-20	2018-19
Provident fund	25.51	9.69
Pension fund	13.61	23.22
Employees' state insurance (ESIC)	11.70	15.22
Maharashtra labour welfare fund	0.13	0.11
Total	50.95	48.24

(ii) Defined benefit plans and other long term benefits**(a) Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. As per the policy of the Company, obligations on account of payment of gratuity of an employee is settled only on termination / retirement of the employee. Gratuity is provided in the books on the basis of Actuarial Valuation. It is an unfunded plan.

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

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Interest rate risk	The defined benefit obligation is calculated using a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

For determination of the liability in respect of compensated gratuity, the Company has used following actuarial assumptions:

Particulars	2019-20	2018-19
Discount rate	6.85%	7.75%
Salary escalation	8.00%	7.00%
Attrition rate	5.00%	5.00%
Mortality rate	Indian Assured lives Mortality (2012-14)	Indian Assured lives Mortality (2006-08)

Changes in the present value of obligations

Particulars	2019-20	2018-19
Liability at the beginning of the year	21.66	13.59
Interest cost	1.66	1.05
Current service cost	11.79	5.98
Benefits paid	(0.29)	(0.55)
Actuarial (gain)/ loss on obligations	2.18	1.59
Liability at the end of the year	37.00	21.66

Table of recognition of actuarial (gain)/ loss

Particulars	2019-20	2018-19
Actuarial (gain)/ loss on obligation for the year	2.18	1.59
Actuarial (gain)/ loss on planned assets for the year	-	-
Actuarial (gain)/ loss recognized in Other comprehensive income	2.18	1.59

Breakup of actuarial gain/loss:

Particulars	2019-20	2018-19
Actuarial loss/(gain) arising from change in demographic assumption	(0.01)	-
Actuarial loss arising from change in financial assumption	7.75	(0.05)
Actuarial loss/(gain) arising from experience	(5.56)	1.64
Total	2.18	1.59

Amount recognized in the Balance Sheet:	2019-20	2018-19
Liability at the end of the year	37.00	21.66
Fair value of plan assets at the end of the year	-	-
Amount recognized in the Balance Sheet	37.00	21.66

Expenses recognized in the Income Statement	2019-20	2018-19
Current service cost	11.79	5.98
Interest cost	1.66	1.05
Expense / (Income) recognized in statement of profit and loss	13.45	7.03

Balance Sheet reconciliation	2019-20	2018-19
Opening net liability	21.66	13.59
Expense recognised in Statement of Profit and Loss	13.45	7.03
Expense/(income) recognised in Other comprehensive income	2.18	1.59
Benefits paid	(0.29)	(0.55)
Amount recognized in the Balance Sheet	37.00	21.66
Non-current portion of defined benefit obligation	35.85	21.23
Current portion of defined benefit obligation	1.15	0.43

Sensitivity analysis

Particulars	2019-20	2018-19
a) Impact of change in discount rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	34.68	19.21
b) Impact due to decrease of 1%	39.56	24.62
b) Impact of change in salary growth		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	39.34	24.54
b) Impact due to decrease of 1%	34.77	19.17
c) Impact of change in attrition rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	36.47	21.51
b) Impact due to decrease of 1%	37.53	21.80
d) Impact of change in mortality rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 10%	37.00	21.67

Maturity profile of defined benefit obligation

Particulars	2019-20	2018-19
Weighted average duration of the defined benefit obligation	12.07	12.58

Gratuity liability payout analysis

Particulars	As at 31st March 2020	As at 31st March 2019
1st year	1.15	0.43
2nd year	1.33	1.00
3rd year	1.06	1.19
4th year	1.61	0.97
5th year	2.37	1.39
Next 5 year payout (6-10 year)	12.97	9.22

(b) Leave benefit

As per the policy of the Company, obligations on account of encashment of accumulated leave of an employee is settled only on termination / retirement of the employee. Such liability is recognised on the basis of actuarial valuation following Project Unit Credit Method. It is an unfunded plan.

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Interest rate risk	The defined benefit obligation is calculated using a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

For determination of the liability in respect of compensated absences, the Company has used following actuarial assumptions:

Particulars	2019-20	2018-19
Discount Rate	6.85%	7.75%
Salary escalation	8.00%	7.00%
Attrition Rate	5.00%	5.00%
Mortality Rate	Indian Assured lives Mortality (2012-14)	Indian Assured lives Mortality (2006-08)

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Notes to financial statements for the year ended 31st March, 2020*(Amount in rupees in lakhs, except share and per share data, unless otherwise stated)***Changes in the present value of obligations:**

Particulars	2019-20	2018-19
Liability at the beginning of the year	50.34	16.26
Interest cost	3.12	0.97
Current service cost	13.30	14.61
Benefits paid	(14.83)	-
Actuarial (gain)/loss on obligations	0.34	18.50
Liability at the end of the year	52.27	50.34

Table of recognition of actuarial gain / loss :

Particulars	2019-20	2018-19
Actuarial (Gain)/Loss on obligation for the year	0.34	18.50
Actuarial (Gain)/Loss on assets for the year	-	-
Actuarial (Gain)/Loss recognized in Statement of Profit and Loss	0.34	18.50

Amount recognized in the Balance Sheet:

Particulars	2019-20	2018-19
Liability at the end of the year	52.27	50.34
Fair value of plan assets at the end of the year	-	-
Amount recognized in the Balance Sheet	52.27	50.34

Expenses recognized in the Statement of Profit and Loss:

Particulars	2019-20	2018-19
Current service cost	13.30	14.61
Interest cost	3.13	0.97
Expected return on plan assets	-	-
Benefits paid	(14.83)	-
Actuarial (gain)/ loss	0.34	18.50
Expense recognized in Statement of Profit and Loss	1.94	34.08

Balance Sheet reconciliation

Particulars	2019-20	2018-19
Opening net liability	50.34	16.26
Expense recognised in Statement of Profit and Loss	1.94	34.08
Amount Recognized in Balance Sheet	52.28	50.34
Non-current portion of defined benefit obligation	46.97	45.06
Current portion of defined benefit obligation	5.30	5.28

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

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

Sensitivity analysis

Particulars	2019-20	2018-19
a) Impact of change in discount rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	42.39	39.53
b) Impact due to decrease of 1%	45.90	45.87
b) Impact of change in salary growth		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	45.88	45.86
b) Impact due to decrease of 1%	42.40	39.49
c) Impact of change in attrition rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	43.94	42.48
b) Impact due to decrease of 1%	44.24	42.47
d) Impact of change in mortality rate		
Present value of obligation at the end of the year		
a) Impact due to increase of 10%	44.08	42.48

Maturity profile of defined benefit obligation

Particulars	2019-20	2018-19
Weighted average duration of the defined benefit obligation	12.07	12.58
Projected benefit obligation	52.28	50.34

Leave liability payout analysis

Particulars	2019-20	2018-19
1st year	4.37	4.35
2nd year	4.30	4.71
3rd year	3.83	4.91
4th year	3.74	4.02
5th year	4.25	3.88
Next 5 year payout (6-10 year)	19.43	19.63

42 Leases

A Disclosure for year ended 31st March 2020

Company as a lessee:

a) The Company has taken land from Balewadi Sports Club under Build, Operate and Transfer arrangement for a period of 60 years for construction of hotel property. This is non-cancellable operating lease. Lease premium are payable on yearly basis as per the lease premium schedule mentioned in Concession Agreement.

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 3.9 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	1,564.98	32.26

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

Particulars	FY 19-20
Interest expense on lease liabilities	259.55
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	259.70
Total cash outflow for leases [incl. short term & low value leases]	-
Additions to ROU assets (including additions as on 1st April 2019)	1,597.24
Variable lease payments not considered in measurement of lease liabilities	-
Income from subleasing ROU assets	-

Orchid Hotels Pune Private Limited

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

e) Disclosure for impact of changes in accounting policy

As indicated in note 3.9 of the financial statements, 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	1,597.24
Financial liability- Lease liabilities - current	223.40
Financial liability -Lease liabilities - non-current	1,373.84

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 16.25%.

On account of adoption of Ind AS 116, loss before tax has increased by Rs. 32.11 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	Amount
Operating lease commitments disclosed as at 31st March, 2019	12,725.30
Discounted using the lessee's incremental borrowing rate of at the date of initial application	12,725.30
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 40 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.

B Disclosure for year ended 31st March 2019**Company as a lessee:**

The Company has taken land from Balewadi Sports Club under Build, Operate and Transfer arrangement for a period of 60 years for construction of hotel property. This is non-cancellable operating lease. Lease premium are payable on yearly basis.

Lease premium are payable on yearly basis as per the lease premium schedule mentioned in Concession Agreement. Disclosures as required under Ind AS 17 - 'Leases' are as given below:

Particulars	As at 31st March 2019
Not later than one year	259.70
Later than one year and not later than five years	1,298.50
Later than five years	11,167.10

Total rent expenses recognised during the year is Rs. 259.70 lakhs.

43 Note on Cash Flow Statement

- (i) Aggregate amount of outflow in account of direct taxes paid is Rs. 76.43 lakhs (Previous year: Rs. 0.98 lakhs).
(ii) Changes in financing liabilities arising from cash and non-cash changes:

Particulars	1st April 2019	Cash flow	Non-cash changes	31st March 2020
Borrowings from Bank/ others	42,678.55	-	-	42,678.55
Particulars	1st April 2018	Cash flow	Non-cash changes	31st March 2019
Borrowings from Bank/ others	42,750.93	(72.38)	-	42,678.55

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

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

- 44** The Company has incurred loss in the current year and previous year, its net worth is fully eroded as of 31st March 2020 and its current liabilities exceeds the current assets as on 31st March, 2020 and 31st March 2019. Further, there are defaults in repayment of loans & interest and non-provision of interest as mentioned in note 24.4 above. Considering, the limited support available from the Holding Company due to its financial constraints, provision for impairment of property, plant and equipment made in the current year (also refer note 34.1) and earlier year and management's action to mitigate the impact of COVID-19 as described in note 44A, in the opinion of the management, the financial statements are prepared on going concern basis.
- 44A** Due to outbreak of COVID-19 pandemic, there is a significant impact on the business operations of the Company during the lockdown period. The Company's hotel was shut down from 22nd March, 2020 and with the lifting of the partial lockdown restrictions by Central and State Governments, the Company has re-opened its hotel from 11th June, 2020 after establishing thorough and well-rehearsed safety measures. The Company has re-opened its hotel to cater to the guests quarantined under Vande Bharat Mission. The Company has carried out impairment assessment for the carrying value of property, plant & equipment, right of use assets, intangible assets, trade receivables, inventories 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, provision for impairment loss has been made and 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 financial statements.
- 45 Disclosures as required by Indian Accounting Standard (Ind AS) 108 - Operating Segments**
There are no reportable segments under Ind AS-108 'Operating Segments' as the Company is operating only in the hospitality service segment, therefore, disclosures of segment wise information is not applicable. Further, no single customer represents 10% or more of the Companies total revenue during the year ended 31st March 2020 and 31st March 2019.
- 46** Foreign currency exposure outstanding as on 31st March 2020: Nil (Previous year: Nil). There are no outstanding derivative contracts as on 31st March 2020 (Previous year: Nil).

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
Orchid Hotels Pune Private Limited**

sd/-

B.C.Kamdar
Managing Director
DIN: 01972386

Place: Mumbai
Date: 30th July, 2020

sd/-

Ramnath P. Sarang
Director
DIN: 02544807