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V. Sankar Aiyar & Co.

CHARTERED ACCOUNTANTS
2-C, Court Chambers
35, New Marine Lines
Mumbai - 400 020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRAVISS HOTELS & RESORTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GRAVISS HOTELS & RESORTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

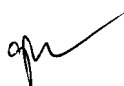
Without qualifying our opinion, attention of the members is drawn to Note 14.B.11 in view of the matter stated therein relating to the losses incurred by the Company during the year and the accumulated losses as at 31st March, 2017, keeping in mind the factors stated in the note, the accompanying financial statements of the company have been prepared on a going concern basis.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

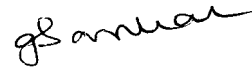


- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14.B.9 to the financial statements;
 - ii. The Company did not have any foreseeable losses on long-term contracts including derivative contracts.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.



- (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".

For V. SANKAR AIYAR & CO
Chartered Accountants
(Firm's Registration No.109208W)



(G. Sankar)

Partner

Membership No. 46050

Place: Mumbai

Date: 2nd May , 2017

ANNEXURE A REFERRED TO IN THE AUDITOR'S REPORT TO THE MEMBERS OF GRAVISS HOTELS & RESORTS LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, physical verification of fixed assets was carried out by the management during the year. There were no discrepancies noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company except in case of the agricultural lands at Shirdi and Alibaug are in the name of the Managing Director and Joint Managing Director of the holding company, respectively. (Refer Note 14.B.4 of the financial statements).
- ii. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification as compared to the record of inventories.
- iii. According to the information and explanations given to us, the company has not granted any loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. The company has not granted any loans, guarantees or security and has not made investments to which the provisions of section 185 and 186 of the Companies Act, 2013 apply.

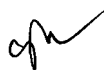
The company has received back the loan given to its erstwhile subsidiary company of Rs 83.57 lacs during the year. (Refer Note 14.B.8b of the financial statements).
- v. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for any of the products of the Company.
- vii. (a) According to the records maintained by the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues where applicable.



According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were in arrears, as at 31st March, 2017, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the company, there are no dues of income tax/ sales tax / customs duty / wealth tax / service tax / excise duty /value added tax /cess, which have not been deposited on account of any dispute.

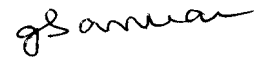
- viii. The company has not taken any loan from any financial institution/bank or by way of issue of debentures.
- ix. According to the information and explanations given to us and the records of the company, the company has not raised money by way of initial public offer or further public offer during the year. The company has not taken any term loans from banks during the year.
- x. According to the information and explanations given to us and based on audit procedures performed and representations obtained from the management, we report that no fraud on or by the company, has been noticed or reported during the year under audit.
- xi. Clause (xi) of the Order regarding managerial remuneration is not applicable to the Company.
- xii. The Company is not a Nidhi Company and hence clause (xii) of the order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the company has complied with provisions of section 188 of Companies Act, 2013 with respect to related party transactions entered in to during the year under review and the details have been disclosed in the Financial Statements etc., as required under Accounting Standard 18 – Related Party Disclosures.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us and based on verification of records , the company has not entered into any non-cash transactions with directors or persons connected with him.



- xvi. 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 **V. Sankar Aiyar & Co.,**
Chartered Accountants.

Firm Reg No. 109208W



G. SANKAR

Partner

Membership No. 46050

Place: Mumbai

Date: 2nd May, 2017

“ANNEXURE B” REFERRED TO IN THE AUDITOR’S REPORT TO THE MEMBERS OF GRAVISS HOTELS & RESORTS LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of GRAVISS HOTELS & RESORTS LIMITED as of March 31st, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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 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 fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

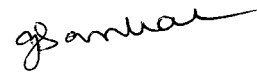
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were



operating effectively as at March 31, 2017 based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants.
Firm Reg No. 109208W



G. SANKAR
Partner
Membership No. 46050

Place: Mumbai
Date: 2nd May, 2017

GRAVISS HOTELS AND RESORTS LIMITED

Balance Sheet as at 31st March, 2017

(Rs in lacs)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share capital	1	5.00	5.00
Reserves and surplus	2	(621.53)	(622.39)
		(616.53)	(617.39)
Non-current Liabilities			
Long-term borrowings	3	6,863.42	9,240.32
		6,863.42	9,240.32
Current Liabilities			
Other current liabilities	4	20.66	47.17
		20.66	47.17
		6,267.55	8,670.10
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets :			
Tangible assets			
Capital work-in-progress(Refer Note "14.B.8a" & "8b")	5	943.77	2,373.13
		1,101.54	5,980.53
		2,045.31	8,353.66
Inventory (Refer Note "14.B.8a") (valued at cost or net realisable value whichever is less)		4,182.36	-
Non-current Investments	6	-	170.00
Long-term loans and advances	7	5.49	96.26
Other non-current assets	8	29.72	27.86
		6,262.88	8,647.79
Current Assets			
Cash and Bank Balances	9	0.76	18.38
Short-term loans and advances	10	3.91	3.94
		4.67	22.31
		6,267.55	8,670.10

Significant Accounting policies and other Notes forming part of financial statements 14

As per our separate report of even date

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

G. Sankar

G. Sankar

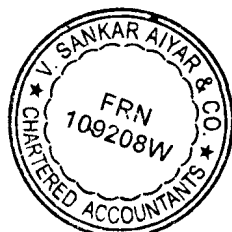
Partner

Membership No. 046050

Dalip Sehgal *Amit Jain*
Dalip Sehgal Amit Jain
Director Director

Place: Mumbai

Date: 2nd May 2017



GRAVISS HOTELS AND RESORTS LIMITED

Statement of Profit and Loss Account for the year ended 31st March, 2017

(Rs in lacs)

Particulars	Note No.	For the Year ended 31-03-2017	For the Year ended 31-03-2016
Income			
Other Income	11	2.17	3.36
Total Revenue		2.17	3.36
Expenses			
Other expenses	12	0.58	101.85
Total Expenses		0.58	101.85
Profit / (loss) before tax		1.59	(98.49)
Tax expense :			
Current tax		(0.75)	(1.20)
Profit / (loss) for the period		0.84	(99.69)
Earning per equity share- Rs.			
(a) Basic	13	1.67	(199.34)
(b) Diluted		1.67	(199.34)

Significant Accounting policies and other Notes forming part of financial statements

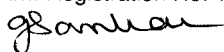
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As per our separate report of even date

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W



G. Sankar

Partner

Membership No. 046050



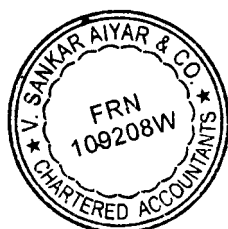
Dalip Sehgal
Director



Amit Jain
Director

Place: Mumbai

Date: 2nd May 2017



Cash Flow Statement for the year ended 31st March, 2017

(Rs in lacs)

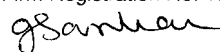
Particulars	As at 31-03-2017	As at 31-03-2016
Cash flows from operating activities		
Net profit before taxation, and extraordinary item	1.60	(98.49)
Adjustments for:		
Non Cash Items	-	101.28
Interest income	(2.17)	(3.36)
Operating profit before working capital changes	(0.58)	(0.57)
Increase / (decrease) in other current liabilities	12.52	(13.43)
Decrease / (Increase) in long-terms loans and advances	7.19	0.15
Decrease / (Increase) in other non-current assets	(1.84)	27.82
	17.88	14.53
Cash generated from operations	17.30	13.96
Income taxes paid	(0.72)	(1.74)
Net cash from operating activities (A)	16.58	12.23
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(48.32)	(207.57)
Interest received	2.17	3.36
Net cash from investing activities (B)	(46.15)	(204.21)
Cash flows from financing activities		
Proceeds/(Repayment) from Long-term borrowings	11.96	208.80
Net cash used in financing activities (C)	11.96	208.80
Net Increase / (Decrease) in Cash and cash equivalents (A+B+C)	(17.61)	16.82
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of year		
Cash on hand and balances with banks	18.38	1.56
Total (D)	18.38	1.56
Cash and cash equivalents at end of year		
Cash on hand and balances with banks	0.76	18.38
Total (E)	0.76	18.38
Net Increase / (Decrease) in Cash and cash equivalents (E-D)	(17.61)	16.81

As per our separate report of even date

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W



G. Sankar

Partner

Membership No. 046050



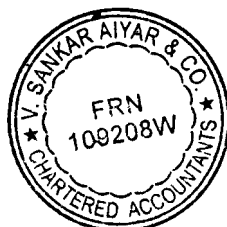
Dalip Sehgal
Director



Amit Jain
Director

Place: Mumbai

Date: 2nd May 2017



Notes forming part of the Financial Statements as at 31st March 2017

(Rs in lacs)

		As at 31-03-2017	As at 31-03-2016
1	Share Capital		
a	Authorised :		
	1,00,000 Equity shares of Rs. 10 each	10.00	10.00
		10.00	10.00
b	Issued, Subscribed and fully paid-up :		
	50,010 Equity shares of Rs. 10 each for cash (50,010)	5.00	5.00
		5.00	5.00
c	Reconciliation of the number of shares		
	Opening	50,010	50,010
	Closing	50,010	50,010
d	Shares held by holding company- Graviss Hospitality Limited		
	50,000 Equity shares of Rs. 10 each	5.00	5.00
2	Reserve and Surplus		
	Profit and Loss Account		
	Opening balance	(622.39)	(522.70)
	Add : Net profit after tax transferred from Statement of Profit and Loss	0.84	(99.69)
	Balance in Profit and Loss account	(621.53)	(622.39)
		(621.53)	(622.39)
3	Long-term borrowings :		
	Unsecured Loans:		
	From Holding Company (Refer Note "14.B.8b")	6,863.42	9,240.32
	(interest free and not re-payable within one year)	6,863.42	9,240.32
		6,863.42	9,240.32
4	Other Current liabilities		
	Statutory dues payable		
	- TDS payable	0.14	0.48
	- Service Tax payable	1.38	-
	Liability for capital expenditure	19.14	46.69
		20.66	47.17



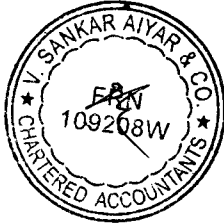
NOTE: 5

Notes forming part of the Financial Statements as at 31st March 2017

(Rs in lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 01-04-2016	Additions	Deductions / Adjustments	As at 31-03-2017	Upto 31-03-2016	For the year	Deductions / Adjustments	Upto 31-03-2017	As at 31-03-2017	As at 31-03-2016
5. Tangible Assets:										
Land - Freehold*	2,372.25		1,430.69	941.56	-	-		-	941.56	2,372.25
Vehicles	17.73	-	-	17.73	16.85	-	-	16.85	0.88	0.88
Office equipment	2.68	-	-	2.68	2.68	-	-	2.68	-	-
Computers	10.55	1.33	-	11.88	10.55	-	-	10.55	1.33	-
Total	2,403.21	1.33	1,430.69	973.85	30.08	-	-	30.08	943.77	2,373.13
Total (previous year)	2,403.21		-	2,403.21	30.08	-	-	30.08	2,373.13	

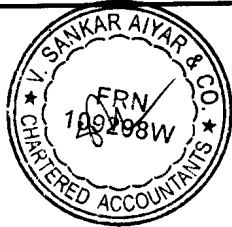
*Refer Note 14.B.8a



Notes forming part of the Financial Statements as at 31st March 2017

(Rs in lacs)

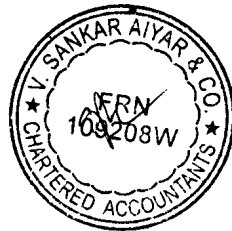
		As at 31-03-2017	As at 31-03-2016
6	Non Current Investments		
	Trade Investments (valued at cost unless stated otherwise):		
	Unquoted equity instruments		
	Investment in subsidiaries		
	2,45,000 Equity shares of Hotel Kankeshwar Private Limited of Rs. 10 each (Refer Note "15.B.8.b")	-	170.00
		-	170.00
7	Long-term loans and advances- unsecured, considered good		
	Security Deposits	5.49	12.69
	Loans to erstwhile subsidiary company:		
	- Hotel Kankeshwar Private Limited (Refer Note "14.B.8.b")	-	83.57
		5.49	96.26
8	Other non-current assets		
	Margin Money Deposit with bank	29.72	27.86
		29.72	27.86
9	Cash and Bank Balances:		
	Cash and cash equivalents		
	Balances with banks in:		
	Current accounts	0.24	0.96
	Cash on hand	0.52	17.42
		0.76	18.38
10	Short-term loans and advances		
	(Unsecured, considered good)		
	Advances to others:		
	Advance Income tax	3.91	3.94
		3.91	3.94



Notes forming part of the Financial Statements as at 31st March 2017

(Rs in lacs)

		For the Year ended 31-03-2017	For the Year ended 31-03-2016
11	Other Income		
	Interest received on deposits with banks	2.17	3.36
		2.17	3.36
12	Other expenses		
	Other Expenses	-	101.28
	Payments to Auditors -Audit fees	0.58	0.57
		0.58	101.85
13	Earnings per Equity share		
	Net profit after Taxation (in Rs.)	0.84	(98.49)
	Weighted average number of equity shares	50,010	50,010
	Earnings per equity shares (in Rs.)	1.67	(196.94)
	Nominal value per share (Rs.)	10.00	10.00



GRAVISS HOTELS AND RESORTS LIMITED

Note -14

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017.

A SIGNIFICANT ACCOUNTING POLICIES

I SYSTEM OF ACCOUNTING

A. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

The financial statements have been prepared in all material respects in accordance with the accounting standards as specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

B. Financial statements are prepared on historical cost basis and as a going concern.

II USE OF ESTIMATES.

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

III FIXED ASSETS AND DEPRECIATION :

A) Fixed Assets

Fixed assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.

B) Depreciation

Depreciation is charged in the Accounts on straight line method in accordance with the rates and in the manner specified in Schedule II of Companies Act, 2013.

IV INVENTORIES

Inventories are valued at cost. Cost is computed at purchase price and other related expenses incurred in bringing the inventories to their present location and condition.

V EMPLOYEE BENEFITS

- a) Contributions to Provident Fund are made to Employees Provident Fund of the Government and are charged to Profit & Loss Account.
- b) Liability towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.

VI IMPAIRMENT OF ASSETS

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

VII LEASES

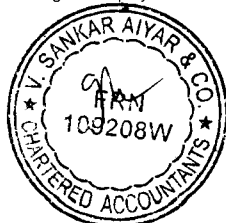
Operating lease expenses is recognized in the Profit and Loss Account on straight line basis over the lease term.

VIII PROVISIONS & CONTINGENCIES

- a) A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- b) Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- c) Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

B Other Notes forming part of Financial Statements

- 1 Current and non-current classification of assets and liabilities in the balance sheet has been made based on the professional judgement of the management.
- 2 Amounts if any due to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
- 3 Estimated amount of contracts remaining to be executed on capital account and not provided for is approximately -NIL (previous year NIL). There are no other commitments.
- 4 The Conveyance of the Agricultural lands at Alibaug and Shirdi which were purchased in 2007 for the beneficial interest of the Company in terms of the resolutions of the Board of Directors of the Company, are in the name of Mr Gaurav Ghai the Joint Managing Director of Graviss Hospitality Limited, the holding company and Mr Ravi Ghai, the Chairman and Managing Director of Graviss Hospitality Limited, the holding company respectively.
- 5 Some of the confirmations of Advance on Capital Account against Development Work are not available for verification.
- 6 **Retirement benefit**
There are no eligible employees as on 31-03-2017 and therefore there are no long term employee benefits which require recognition based on actuarial valuation.



7 List of Related Parties (relied on the details provided by the management):

i Shareholders/Directors

Graviss Hospitality Limited,*Mr Ravi Ghai.*Mr Gaurav Ghai
(*no transactions during the year)

ii Other related parties where the common control exists

Hotel Kankeshwar Pvt Ltd.

	(Rs. in lacs)	(Rs. in lacs)
	2016-17	2015-16
Sale of Assets (slump sale)		
Graviss Hospitality Limited	2,161	-
Sale of Non Current Investments		
Graviss Hospitality Limited	170	-
Loan Repaid		
Graviss Hospitality Limited	2,377	-
Loan Received back		
Hotel Kankeshwar Pvt Ltd.	84	-
Unsecured Loans taken		
Graviss Hospitality Limited	6,863	9,240
Unsecured Loans given		
Hotel Kankeshwar Pvt Ltd.	-	84

- 8 a** The land and buildings under construction held at Goa have been converted into Stock-in-Trade with effect from 1st October 2016 as the Company intended to sell the same as residential apartments after development of the same, at cost incurred or net realisable value whichever is less, as the date of conversion.

Subsequent to the aforesaid conversion, the Company has entered into a Joint Development Agreement with a developer on 30-11-2016 for development and sale of the residential apartments. By virtue of the said agreement, the company will retain ownership in the land and will be entitled to 40% of the total saleable area.

The Company has obtained necessary permissions from the concerned authorities for development of the residential apartments.

The object clause of Memorandum of Association of the Company has also been amended for the purpose of carrying out the said activity vide resolution passed in the Extra-ordinary General Meeting held on 15-06-2016.

The Stock in trade held as on 31st March 2017 is valued at cost or net realisable value whichever is lower.

- b** The Company has entered into a Business Transfer Agreement on 1st February 2017 for sale of the Business undertaking of Alibaug as a going concern on a slump sale basis to its holding company. The said slump sale has been approved by the Board of Directors vide resolution passed on 31st January 2017 and by the shareholders in their EOGM held on 27th February 2017.

By virtue of the said agreement the building under construction, the loan to Hotel Kankeshwar Private Limited and liabilities were sold on slump sale basis for a consideration of Rs. 2206.95 lacs to the holding Company and the consideration of the sale has been adjusted against the amount payable by the company to the holding company.

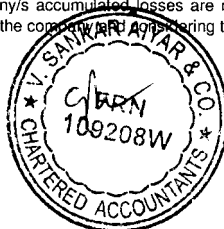
The Company has also transferred the equity share held in its Subsidiary, Hotel Kankeshwar Private Limited at the carrying value of Rs. 170 lacs, in favour of its holding company. The said consideration was also adjusted against the amount payable by the company to its holding company.

- 9** "Advances on Capital Account against Purchase of Land" includes an amount of Rs. 270 lacs being the advance paid to three parties for purchase of lands against a total consideration of Rs. 2832 lacs. Since the lands were not capable of being developed, the company issued a notice of termination of agreements entered into with the parties and invoked Arbitration. The arbitrator has been appointed and the arbitration proceedings are in progress. The company is hopeful of getting decision in its favour and hence considers the advance good of recovery.

- 10** In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.

- 11** Based on the assessment of the management, the market value of the lands acquired at various places viz Alibaug and Shirdi, would be more than the original cost and would be more than sufficient to pay the loan taken by the Company from the holding Company and other liabilities.

The Company/s accumulated losses are more than the net worth. In the opinion of the management having regard to the long term interest of the holding company in the company and considering the market value of lands as stated above, the going concern assumptions are not affected.



12 The Company does not have any asset whose useful life is different from the significant part of that asset.

13 **Disclosure on Specified Bank Notes (SBNs)**

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denominations notes	Rupees
			Total
Closing cash in hand as on November 8, 2016	2,00,000	5,92,577	7,92,577
(+) Permitted receipts	-	2,74,000	2,74,000
(-) Permitted payments	-	6,59,407	6,59,407
(-) Amount deposited in Banks	2,00,000	-	2,00,000
Closing cash in hand as on December 30, 2016	-	2,07,170	2,07,170

14 **Previous year figures:**

Previous year's figures have been reclassified / regrouped wherever necessary to conform to current year's classification / grouping. Figures in brackets are in respect of the previous year.

SIGNATURES TO NOTES 1 TO 14

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W




G. Sankar

Partner

Membership No. 46050


Dalip Sehgal
Director


Amit Jain
Director

Place: Mumbai

Date: 2nd May 2017

