

INDEPENDENT AUDITOR'S REPORT

To the Members

Banjara Hospitalities Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Banjara Hospitalities Private Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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 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 there under.

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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity

with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2016, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 further 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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
 - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) 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'; and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which could have impact on its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31st March 2016.

Place : Hyderabad
Date : 28-05-2016

For P. Murali & Co.,
Chartered Accountants
Firm's Regn No. 007257S

Sd/-
M V Joshi
Partner
Membership No. 024784

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of M/s. Banjara Hospitalities Private Limited on the financial statements for the year ended 31st March 2016, we report that:

- i. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years which, in our opinion is reasonable having regard to the size of the company.

(c) The title deeds of immovable property, as disclosed in Note 5 on fixed assets to the financial statements, are held in the name of the Company
- ii. As there are no operations carried on by the company during the year and as the company does not have any inventory, the clause relating to inventory does not apply
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. The central government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues except in few cases, including Provident Fund, Employees State Insurance, Income Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees State Insurance, Custom Duty, Excise Duty and other material statutory dues, Income-tax, Dividend Distribution Tax and Service Tax, in arrears as at 31st March 2016 for a period of more than 6 months for the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- viii. In our opinion, and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks and Financial Institutions.
- ix. The Company has not raised money of initial public offer, further public offer (including debt instruments) and term loans were utilized for the purpose for which it is taken.

- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. The Company has not provided for any managerial remuneration .Hence these clause is not applicable.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of this clause of the order are not applicable to the company.
- xiii. The Company has not entered into transactions with related parties as a result the provisions of this clause are not applicable.
- 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. However, the Company has allotted 60,000 Non – Convertible Debentures of Rs. 1,000/- each to Edelweiss Stressed and Troubled Assets Revival Fund – I
- xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of this clause of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of this clause of the order are not applicable to the Company.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No 007257S

Place: Hyderabad
Date: 28-05-2016

Sd/-
M V Joshi
Partner
M.No. 024784

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of **Banjara Hospitalities Private Limited** ('the company') as of 31st march 2016 in conjunction with our audit of 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's 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 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. These standards and guidance note require that we comply with ethical requirements and plan and performed 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 risk 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 and the company's internal financial control 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 these 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 principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation 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 31st, 2016, 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.

Place: Hyderabad
Date: 28-05-2016

For P. Murali & Co.,
Chartered Accountants
FRN: 007257S

Sd/-
M V Joshi
Partner
M.No. 024784

BANJARA HOSPITALITIES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	Note No.	AS ON 31-03-2016 (₹)
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	1	3,18,00,000
(b) Reserves and Surplus		
(2) Non-Current Liabilities		
(a) Long-Term Borrowings	2	96,72,80,000
(b) Differed Tax Liabilities (Net)		
(c) Other Long Term Liabilities		
(d) Long Term Provisions		
(3) Current Liabilities		
(a) Short-Term Borrowings		
(b) Trade Payables	3	3,74,232
(c) Other Current Liabilities	4	23,22,692
(d) Short-Term Provisions		
Total		<u>1,00,17,76,924</u>
II.Assets		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	5	23,32,75,200
(ii) Intangible assets		
(iii) Capital work-in-progress		72,41,64,854
(b) Long Yerm Loans and advances	6	2,92,12,346
(c) Other non Current Assets	7	44,98,119
(2) Current assets		
(a) Current investments		
(b) Inventories		
(c) Trade receivables		
(d) Cash and Bank Balances	8	1,06,26,405
(e) Short-Term Loans and Advances		
(f) Other Current assets		
Total		<u>1,00,17,76,924</u>

Significant Accounting Policies
Notes to Financial Statements

1 to 11

For BANJARA HOSPITALITIES PRIVATE LIMITED

AS PER OUR REPORT OF EVEN DATE

FOR P. MURALI & CO.,

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

M V JOSHI

Partner

Membership No. 024784

Hyderabad

28-05-2016

Sd/-

P. PRABHAKAR REDDY

Director

Sd/-

P. CHAKRADHAR REDDY

Director

BANJARA HOSPITALITIES PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2016

S.NO	PARTICULARS	AS ON 31-03-2016 (₹)	AS ON 31-03-2015 (₹)
NOTE NO. 1 : SHARE CAPITAL			
A Equity Share Capital			
	(a) Authorised (No. of Shares 32,50,000 Current Year)	3,25,00,000	
	(b) Issued (No. of Shares 31,00,000 Current Year)	3,18,00,000	
	(c) Subscribed & Fully Paid Up (No. of Shares 31,00,000 Current Year)	3,18,00,000	
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share Rs. 10/-		
	Total Equity Share capital	3,18,00,000	
NOTE NO. 2: LONG TERM BORROWINGS			
I Long Term borrowings			
	i) Debentures (Issued 60,000 Debentures at Rs 1000/- to EARC)	6,00,00,000	
		6,00,00,000	
	ii) Term Loans From Banks	90,70,00,000	
		90,70,00,000	
	ii) Un Secured Loans From Others	2,80,000	
		2,80,000	
	Total Long Term Borrowings	96,72,80,000	
NOTE NO. 3 : TRADE PAYABLES			
	a) Trade Payables(creditors)	3,74,232	
	Total Trade Payables	3,74,232	

BANJARA HOSPITALITIES PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2016

S.NO	PARTICULARS	AS ON 31-03-2016 (₹)	AS ON 31-03-2015 (₹)
NOTE NO. 4 : OTHER CURRENT LIABILITIES			
a)	Statutory Liabilities	73,925	
b)	Other Payables (Specify the nature.)		
	(i). Salaries Payable		
	(ii) Property Tax Payable		
	(iii). Audit fee Payable		
	(iv). Rent Payables		
	(v) Royalty Payable		
c)	Interest Payable	22,48,767	
	(i) Other Payables		
	Total Other Current Assets	23,22,692	

NOTE NO 5 : FIXED ASSETS AS AT 31-03-2016

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
	As on 1.4.2015	Additions During the Year	Sales during the year	As on 31.03.2016	As on 1.4.2015	Transfer to Retained	Depreciation for the year	Impairment loss / Reversal	Total depreciation	Net block as on 31.03.2016	Net block as on 31.03.2015
Land	-	23,32,75,200	-	23,32,75,200	-	-	-	-	-	23,32,75,200	-
Total	-	23,32,75,200	-	23,32,75,200	-	-	-	-	-	23,32,75,200	-

BANJARA HOSPITALITIES PRIVATE LIMITED

NOTE NO. 6 : LONG TERM LOANS AND ADVANCES

Security Deposit	-
Secured, Considered Good	-
Unsecured, Considered Good	-
Less: Provision for Bad & doubtful Security Deposit	
Sub Total	<u>-</u>

Capital Advances	
Security Deposit	82,220
Loans Receivable	
Advances Recoverable in Cash or in kind	2,91,30,126
Sub Total	<u>2,92,12,346</u>

Less: Provision for Bad & doubtful Loans & Advances to Related Party	-
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Total Long Term Loans and Advances 2,92,12,346

NOTE NO. 7 : OTHER NON CURRENT ASSETS

I. Unamortised Expenses	44,98,119
Interest Accrued on Deposits	

Total Other Non Current Assets 44,98,119

NOTE NO. 8 : CASH AND BANK BALANCES

I. Cash and cash equivalents :	
a) Balances with banks :	
1) On Current Accounts	1,05,53,325
b) Cash on hand	73,080

Total Cash and Cash Equivalents 1,06,26,405

Significant Accounting Policies

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 133 of the Companies Act, 2013. The significant accounting policies adopted in the presentation of the Accounts are as under:

(a) Accounting Convention and Revenue Recognitions:

The financial statements have been prepared in accordance with historical cost convention except for such assets which are revalued. Both the income and expenditure items are recognized on accrual basis.

(b) Taxes on Income:

Income Tax is computed in accordance with Accounting Standard 22- 'Accounting for taxes on Income (AS-22)', issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.

(c) Borrowing Cost:

Borrowing cost that is attributable to the acquisition /construction of fixed assets is capitalized as part of the cost of respective assets.

(d) Inventories:

Stock of food and beverages and operating supplies are carried at cost or Market Value, whichever is lower as per AS-2.

Notes to Financial Statements

9. Secured Loans

Edelweiss Asset Reconstruction Company Limited	The Existing Loan Facility Of Rs.90,70,00,000/- Further Secured By Deposit Of Title Deeds Of The Property Situated At H.No.15-3-23, Open Land Admeasuring 6022.5 Sq.Yards Situated At Venkateswara Nagar, Maharanipecta, Visakhapatnam Belongs To M/S Banjra Hospitalities Pvt Ltd.
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10. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segmental Information' (AS-17). There is no geographical segment to be reported.

11. The figures have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE

FOR P. MURALI & CO.,
Chartered Accountants
Firm's Regn. No. : 007257S

Sd/-
M V JOSHI
Partner
Membership No.24784

Place : Hyderabad
Date : 28-05-2016

FOR BANJARA HOSPITALITIES PRIVATE LIMITED

Sd/-
P. PRABHAKAR REDDY
Director

Sd/-
P. CHAKRADHAR REDDY
Director

BANJARA HOSPITALITIES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2016

PARTICULARS	Current Year (₹)
I. CASH FLOW FROM OPERATING ACTIVITIES:	
Profit Before Tax	-
Adjustments for : -	
Depreciation	-
Financial Cost	-
Loss on Sale of Fixed Assets	-
Operating cash flow before working capital changes	-
(Increase) / Decrease in Inventory	
(Increase) / Decrease in Trade Receivables	
(Increase) / Decrease in Short Term Loans & Advances	
(Increase) / Decrease in Other Non-Current Assets	(18,01,195)
Increase / (Decrease) in Short Term Borrowing	
Increase / (Decrease) in Trade Payables	-
Increase / (Decrease) in Other Current Liabilities	
Increase / (Decrease) in Short Term Provisions	-
Misc Exps	
CASH GENERATED FROM OPERATIONS	(18,01,195)
Less : Income Tax Paid	
CASH GENERATED FROM OPERATING ACTIVITIES	(18,01,195)
II. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of fixed Assets	(1,62,73,200)
Sale of fixed Assets	
Capital Work in Progress, Pre-operative Expenses	-
NET CASH AVAILABLE FROM INVESTING ACTIVITIES	(4,76,72,400)
III. CASH FLOW FROM FINANCING ACTIVITIES:	
Proceeds from Share Capital/Application Money	1,00,000
Increase un Loans	6,00,00,000
Share Premium and Capital Reserve	
Interest Paid	
NET CASH USED IN FINANCING ACTIVITIES	6,01,00,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,06,26,405
Add : Opening balance of Cash & Cash equivalents	-
Closing balance of Cash & Cash equivalents	1,06,26,405

AS PER OUR REPORT OF EVEN DATE

FOR P. MURALI & CO.,
Chartered Accountants
Firm's Regn. No. : 007257S
Sd/-
M V JOSHI
Partner
Membership No. 024784
Hyderabad
28-05-2016

For BANJARA HOSPITALITIES PRIVATE LIMITED

Sd/-
P. PRABHAKAR REDDY
Director

Sd/-
P. CHAKRADHAR REDDY
Director