

Regency Convention Centre and Hotels Limited

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Regency Convention Centre And Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of the M/s REGENCY CONVENTION CENTRE AND HOTELS LIMITED which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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

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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- (a) We have 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 it 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) on the basis of the written representation received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956
- (f) as per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956,

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
(Partner)
Membership No, 017905

Place: Mumbai
Dated: 14th May 2014

ANNEXURE TO THE INDEPENDENT AUDITORS REPORT:

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

1 Fixed assets

- a) The amount shown under investments in property represents the earnest money paid for the property and the expenditure incurred by the promoters on the property. The company had handed over the property to the Government on December 2001. As per the understanding with the Government the land will be leased back to the company for its operations. The expenditure incurred on this property till 31st March 2014 was capitalized with the fixed assets. The expenditures identified to be directly connected to the fixed assets to the extent of Rs. 6.32 lakhs have been capitalised during the year.
- b) None of the fixed assets have been revalued during the year.
- c) Since the company does not have any other assets other than rights in the property referred to above, the question of maintenance of property records of its fixed assets showing full particulars, including quantitative details and their location or physical verification etc does not arise.

2 Loans & advances

Subject to note no. 15 in the Notes to Financial Statements the Company has not granted or taken any other loan, secured or unsecured, to or from person/ firm/ companies covered in the register maintained under section 301 of the Companies Act 1956. The interest free loan from Holding Company was Rs. 115.69 Lacs as on 31st March, 2014.

There are no overdue amounts and in our opinion reasonable steps have been taken by the Company for recovery or repayment of the principal and / or interest.

3 Internal controls

In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

4 Transaction with parties u/s 301

According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.

5 Deposits

In our opinion and according to the information and explanations given to us, the Company has not taken any deposits within the meaning of Sec. 58A and 58AA of the Companies Act, 1956, and the rules framed there under.

6 Internal Audit

The company has an internal audit system commensurate with its size and nature of its business;

7 Cost Records

The Company is not covered under clause (d) of sub-section (1) of the section 209 of the Companies Act, 1956. Accordingly, the company is not required to maintain cost records.

8 Statutory dues

- a) The Company has deposited with the appropriate authorities undisputed statutory dues applicable to the Company.
- b) According to the information and explanations given to us, there is no undisputed amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which are outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.

9 Miscellaneous

- a) During the Year, the Company has incurred cash loss of Rs. 126,087/- (Previous year loss of Rs. 113,982/-)
- b) In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year, in repayment of dues to any financial institution, banks or debenture-holders.

Regency Convention Centre and Hotels Limited

- c) The Company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
- d) The company has not been dealing or trading in shares or securities.
- e) The Company has not given guarantees for loans taken by others.
- f) The Company has not raised any additional term loans during the year.
- g) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- h) According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- i) The Company has not raised funds during the year by way of public issue or debenture issue.
- j) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

Place: Mumbai
Dated: 14th May 2014

V. Vaidyanathan
(Partner)
Membership No. 017905

Regency Convention Centre and Hotels Limited

BALANCE SHEET as at 31st March 2014

			Amount in ₹
	Note	As at 31st Mar 2014	As at 31st Mar 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1,553,570	1,553,570
(b) Reserves and Surplus	4	(347,426)	(221,339)
		1,206,144	1,332,231
CURRENT LIABILITIES			
(a) Short Term Borrowings	5	16,185,258	15,485,258
(b) Other Current Liabilities	6	39,181	26,912
		16,224,439	15,512,170
Total		17,430,583	16,844,401
ASSETS			
NON-CURRENT ASSETS			
(a) Fixed Assets			
Tangible assets	7	17,328,752	16,696,837
(b) Long-Term Loans and Advances	8	84,770	84,770
		17,413,522	16,781,607
CURRENT ASSETS			
(a) Cash and Bank Balances	9	17,061	62,794
Total		17,430,583	16,844,401
Notes forming part of the Financial Statements	1 to 16		

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 14th May 2014

For and on behalf of Board of Directors

Umesh Saraf
Director

Bimal K Jhunjunwala
Director

Place : Kolkata
Date : 10th May 2014

Regency Convention Centre and Hotels Limited

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2014

			Amount in ₹
	Note	Year Ended 31st March 2014	Year Ended 31st March 2013
INCOME			
Revenue from Operations		—	—
Other Income		—	—
		<u>—</u>	<u>—</u>
EXPENSES			
Employee Benefits Expense	10	97,000	84,868
Other Expenses	11	29,087	29,114
		<u>126,087</u>	<u>113,982</u>
PROFIT/(LOSS) BEFORE TAX		(126,087)	(113,982)
TAX EXPENSES			
Current Tax		—	—
Deferred Tax		—	—
PROFIT/(LOSS) AFTER TAX		<u>(126,087)</u>	<u>(113,982)</u>
EARNINGS PER EQUITY SHARE			
(a) Basic		(0.81)	(0.73)
(b) Diluted		(0.81)	(0.73)

Notes forming part of the Financial Statements 1 to 16

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 14th May 2014

For and on behalf of Board of Directors

Umesh Saraf
Director

Bimal K Jhunjunwala
Director

Place : Kolkata
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Regency Convention Centre and Hotels Limited

CASH FLOW STATEMENT for the year ended 31st March 2014

	Amount in ₹	
	Year Ended 31st March 2014	Year Ended 31st March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(126,087)	(113,982)
Adjustments	—	—
Operating profit/(loss) before working capital changes	(126,087)	(113,982)
Adjustment for :		
Other current liabilities	12,269	(537,274)
Cash generated from operations	(113,818)	(651,256)
Direct taxes	—	—
Net Cash generated from/(used in) Operations	(113,818)	(651,256)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(631,915)	(438,866)
Net Cash flow from/(used in) Investing Activities	(631,915)	(438,866)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	700,000	800,000
Net cash flow from/(used in) Financing Activities	700,000	800,000
Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	(45,733)	(290,122)
Cash and cash equivalents at the beginning of the year	62,794	352,916
Cash and cash equivalents at the end of the year	17,061	62,794

Notes forming part of the Financial Statements

1 to 16

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 14th May 2014

For and on behalf of Board of Directors

Umesh Saraf
Director

Bimal K Jhunjunwala
Director

Place : Kolkata
Date : 10th May 2014

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2014

1. Company Overview

The Company is a subsidiary of Asian Hotel (East) Limited, a Company listed in Bombay Stock Exchange and National Stock Exchange. The principle assets of the Company comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court.

2. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards (AS) notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Significant Accounting Policies

a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/amortization. Cost represents the direct expenses incurred on acquisition/construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

c. Depreciation

Since there are no assets other than the expenditures related to land as referred above, no depreciation has been provided.

d. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

e. Income Taxes

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

f. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

g. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short-term deposits with Banks less short-term advances from Banks.

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2014

Amount in ₹

	As at 31st March 2014	As at 31st March 2013
3. Share Capital		
Authorised Shares		
2,50,000 (31st March 2013: 2,50,000) Equity Shares of ₹10/- each	2,500,000	2,500,000
Issued, Subscribed and fully Paid-up Shares		
1,55,357 (31st March 2013: 1,55,357) Equity Shares of ₹10/- each	1,553,570	1,553,570
	1,553,570	1,553,570

3.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year

	As at 31st March 2014		As at 31st March 2013
Equity Shares	No. of Share	₹	No. of Share
At the beginning of the year	155,357	1,553,570	155,357
Issued during the year	—	—	—
At the end of the year	155,357	1,553,570	155,357

3.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. 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 remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.3 Shares held by Holding/ultimate Holding Company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its Holding Company is as below:

	As at 31st March 2014	As at 31st March 2013
Asian Hotels (East) Limited, the Holding Company		
91,652 (31st March 2013: 91,652) equity shares of ₹10 each fully paid	916,520	916,520

3.4 Details of shareholders Holding more than 5% shares in the Company

	As at 31st March 2014		As at 31st March 2013
Equity Shares	No. of Share	% of Holding	No. of Share
Asian Hotels (East) Limited	91,652	58.99	91,652
Mr. S. Kapur	11,250	7.24	11,250
Ms. Farhath S. Kapur	11,250	7.24	11,250
Mr. Joy S. Kapur	11,250	7.24	11,250
Ms. Yash Kapur	11,250	7.24	11,250
Mohd. H. Merchant	10,424	6.71	10,424

4. Reserves and Surplus

Surplus/(deficit) in the Statement of Profit and Loss

Balance as per the last financial statements	(221,339)	(107,357)
Add: Profit/(Loss) for the year	(126,087)	(113,982)
Net surplus/(deficit) in the Statement of Profit and Loss	(347,426)	(221,339)

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2014

	As at 31st March 2014	Amount in ₹ As at 31st March 2013
5. Short Term Borrowings		
Loan from related party repayable on demand (unsecured) (refer note 15)	11,569,474	10,869,474
Loan from other parties repayable on demand (unsecured)	4,615,784	4,615,784
	16,185,258	15,485,258
6. Other Current Liabilities		
Other Payables		
TDS payable	18,039	5,775
Expenses Payable	21,142	21,137
	39,181	26,912
7. Fixed Assets - Tangible Assets *		
Leasehold Property at Sahar	16,696,837	16,257,971
Add:- Expenses capitalised during the year		
Professional and legal fees	569,546	332,479
Travelling expenses	62,369	106,387
	17,328,752	16,696,837
* The cost of property represents the earnest money paid for the property, the incidental expenditure, legal expenses and the pre-operative expenditures capitalized. The Company has handed over the property to the Airports Authority of India (AAI). As per the understanding with the AAI the land will be leased back to the Company for its operations.		
Negotiation based on AAI's offer of an equivalent alternate pocket of land at CSI Airport, Mumbai in lieu of the suit land admeasuring 31,000 sq.mtr. is going on. The Company is hopeful of the outcome of the said negotiation.		
8. Long Term Loans and Advances		
Other loans & advances		
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	84,770	84,770
	84,770	84,770
9. Cash & Bank Balances		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	13,669	59,859
Cash on hand	3,392	2,935
	17,061	62,794
	Year Ended 31st March 2014	Year Ended 31st March 2013
10. Employee Benefit Expenses		
Salaries and wages	97,000	84,868
	97,000	84,868

Regency Convention Centre and Hotels Limited

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2014

	Year Ended 31st March 2014	Amount in ₹ Year Ended 31st March 2013
11. Other Expenses		
Rates and taxes	2,500	2,500
Legal & Professional Expenses	9,368	12,430
Filing fees	1,667	1,062
Payment to auditor	11,236	11,442
Miscellaneous expenses	4,316	1,680
	29,087	29,114
12. Earnings per Share	31st March 2014	31st March 2013
(i) Profit available for Equity Shareholders	(126,087)	(113,982)
(ii) Weighted average number of Equity Shares @ ₹10 each	155,357	155,357
(iii) Earnings/(Loss) per share (₹)	(0.81)	(0.73)
13. In accordance with the Accounting Standard on " Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows: -		
Related Party Disclosures		
(i) List of Related Parties		
(a) Holding Company :		
Asian Hotels (East) Limited		
(b) Fellow Subsidiary Company :		
GJS Hotels Limited		
(c) Entities over which directors or their relatives can exercise significant influence/control :		
(i) Robust Hotels Private Limited	(xi) Sara Hospitality Limited, Hong Kong	
(ii) Nepal Travel Agency Pvt. Ltd., Nepal	(xii) Juniper Investments Limited	
(iii) Unison Hotels Private Limited	(xiii) Chartered Hotels Pvt. Ltd.	
(iv) Vedic Hotels Limited	(xiv) Blue Energy Private Limited	
(v) Unison Power Limited	(xv) Footsteps of Buddha Hotels Private Limited	
(vi) Unison Hotels South Private Limited	(xvi) Sara International Limited, Hong Kong	
(vii) Juniper Hotels Private Limited	(xvii) Samra Importex Private Limited	
(viii) Yak & Yeti Hotels Limited, Nepal	(xviii) Forex Finance Private Limited	
(ix) Taragaon Regency Hotels Limited, Nepal	(xix) Saraf Industries Limited, Mauritius	
(x) Saraf Investments Limited, Mauritius	(xx) Saraf Hotels Limited, Mauritius	
(ii) Details of transactions with related parties during the year :		
Transactions	31st March 2014	31st March 2013
Services Availed during the Year		
Unison Hotels Private Limited	34,082	26,398
Juniper Hotels Private Limited	—	21,656
Investment made by Holding Company		
During the year	—	—
Year end balance	916,520	916,520
Loans & Advances taken from Holding Company		
During the year	700,000	800,000
Year end balance	11,569,474	10,869,474

NOTES TO FINANCIAL STATEMENTS for the Year Ended 31st March 2014

Amount in ₹

- 14.** No amount is due to Micro, Small and Medium enterprises (identified on the basis of information made available during the year by such enterprises to the Company). No interest in terms of Micro, Small and Medium Enterprises Development Act, 2006 has been either paid or accrued during the year.
- 15.** Amount of loans and advances in the nature of loans outstanding to Holding Company carrying no interest and repayable on demand as at 31st March 2014 :

Holding Company	Outstanding as on		Maximum amount outstanding during the year	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
Asian Hotels (East) Limited	11,569,474	10,869,474	11,569,474	10,869,474

- 16.** Previous period figures have been re-grouped and re-classified wherever necessary to conform to current year's classification.

As per our report of even date

For **V. Vaidyanathan & Co.**
Chartered Accountants
Firm Regn. No. 111225W

V. Vaidyanathan
Partner
Membership No. 017905

Place : Mumbai
Date : 14th May 2014

For and on behalf of Board of Directors

Umesh Saraf
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Bimal K Jhunjhunwala
Director

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