ORIGINAL

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Pallazzio Hotels & Leisure Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Pallazzio Hotels & Leisure Limited** ('the Company') which comprise the Balance Sheet as at 31st March 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (together referred to as Ind AS financial statements).

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the State of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Ind AS 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 Ind AS financial statements.

N.A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

B 41-45, Paragon Centre, Pandurang Budhkar Marg, Worli, Mumbai 400 013.
Tel.: 91-22-40733000 • Fax : 91-22-40733090 • E-mail : info@nashah.com

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to adequacy of internal financial controls system over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in Annexure II; and

g) 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 form time to time, 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 Ind AS financial statements – Refer Note 27.1(c) and 37(c) to 37(g) to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Independent Auditor's Report (Continued)

iii. There are 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

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Prashant Daftary
Partner
Membership No.117080
Place: Mumbai
Dated: 7 MAY 2018

Pallazzio Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2018
[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

1. In respect of fixed assets:

(i) In respect of fixed assets at hotel, the Company has maintained the fixed assets register, however, register does not capture the full particulars including quantitative details and situation of its fixed assets. The said matter related to incomplete particulars was also reported in the previous year in para 1(i) of Annexure I to Independent Auditor's Report dated 5th May 2017. In respect of other fixed assets, the fixed asset register maintained by the Company is adequately updated showing full particulars including quantitative details and situation of its fixed assets.

(ii) The Company has a phased programme for physical verification of fixed assets at hotel designed to cover all the items at-least once over a period of three years which is due from current year (current phase is from financial year 2017-18 to 2019-20), which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As per information and explanation given to us, the Company will be conducting 100% physical verification of assets at hotel during FY 2018-19. Considering the same, no physical verification is required to be conducted for the hotel fixed assets during the year.

With respect to physical verification of fixed assets at hotel carried out in FY 2015-16 (in earlier phase), the reconciliation of physical items with the fixed asset register is under process. Considering the same, we are unable to comment as to whether discrepancies, if any, were material or not and whether the same has been properly dealt with in the books of account. The said matter related to pending reconciliation was also reported in the previous year in para 1(ii) of Annexure I to Independent Auditor's Report dated 5th May 2017.

In respect of other assets, the Company has carried out a physical verification during the year and no material discrepancies were noticed in respect of the assets verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(iii) As stated in note 5.1 of the financial statements, conveyance and transfer formalities of the land development rights purchased from the holding company on which the hotel building is constructed are pending to be completed. Considering the same the title of the below mentioned assets are not in the name of the Company.

(Rs. in lakhs)

Nature of immovable properties	Number of cases	Gross block as on 31st March 2018	Net block as on 31st March 2018
Land / FSI / development rights	1	32,110.50	32,110.50
Hotel building	1	51,365.43	46,171.80

The above matter was also reported in in the previous year in para 1(iii) of Annexure I to Independent Auditor's Report dated 5th May 2017.

2. The inventories have been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Pallazzio Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2018
[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the requirements of clause (iii) (a) to (iii) (c) of paragraph 3 of the Order are not applicable to the Company.

4. During the year the Company has not granted any loans or made any investments or provided any guarantees or securities covered under section 185 and section 186 of the Act. Therefore, question of ensuring compliance with section 185 and 186 of the Act does not arise.

5. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 of the Act and rules framed there under. We are 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.

6. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for Hotel / Hospitality sector of the Company. Accordingly clause (vi) of paragraph 3 the Order is not applicable to the Company.

7. (i) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues, as applicable to the Company, during the year with the appropriate authorities except few delays in payment of Provident Fund, Employees State Insurance Scheme, Tax Deduction at Source, Goods and Services Tax and Maharashtra Labour Welfare Fund. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March 2018 for a period of more than six months from the date they became payable.

   (ii) According to the records of the Company and information and explanations given to us, there are no disputed dues of Income Tax, Sales Tax, Goods and Services Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited with appropriate authorities on account of any dispute except as mentioned below:

Name of statute	Nature of Dues	Period to which it relates	Amount (Rs. in lakhs)	Forum where dispute is pending
Finance Act, 1994	Service tax and penalty thereon	April 13 to September 13	52.71*	Commissioner of Central Excise (Appeals) (Refer note 37(d))
Maharashtra Value Added Tax Act, 2002	Value added tax and interest & penalty thereon	April 13 to March 14	580.11	The Company is in process of filing the appeal (Refer note 37(e))
Maharashtra Tax on Luxuries Act, 1987	Luxury tax and interest & penalty thereon	April 13 to March 14	44.59	The Company is in process of filing the appeal (Refer note 37(f))

* Net of amount paid under protest of Rs. 2.05 lakhs

N.A. SHAH ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

Pallazzio Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2018
[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

8. Based on our audit procedures and the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to banks. The Company has not taken any loans or borrowings from financial institution / government. The non - convertible fully redeemable debentures are not due for redemption and therefore the question of default does not arise.

   The debenture holders have extended the date for mandatory conversion of all CCDs for further period of 10 years. Considering the same, no CCDs are due for conversion during the year and hence the question of default does not arises.

   In respect of Optionally Fully Convertible Debentures (OFCD), considering the terms of issue, no coupon is due and hence the question of default does not arise.

9. During the year, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purpose for which they were obtained.

10. 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 noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.

11. According to the information and explanation given to us and based on our examination of the records, the Company has not paid / provided for managerial remuneration. Therefore, the provisions of clause (xi) of paragraph 3 of the Order are not applicable to the Company.

12. The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.

13. According to the information and explanation given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS – Refer Note 41(B) to the financial statements.

14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.

N. A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

Pallazzio Hotels & Leisure Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2018
[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

16. 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

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Prashant Daftary
Partner
Membership No: 117080
Place: Mumbai
Date: 7 MAY 2018

Pallazzio Hotels & Leisure Limited

Annexure II to Independent Auditors' Report for the year ended 31st March 2018

(Referred to in paragraph 2(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date.)

Report on the Internal Financial Controls under section 143(3)(i) of the Act

We have audited the internal financial controls over financial reporting of **Pallazzio Hotels & Leisure Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statement 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.

Auditors' Responsibility

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

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

N. A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Pallazzio Hotels & Leisure Limited

Annexure II to Independent Auditors' Report for the year ended 31st March 2018

(Referred to in paragraph 2(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date.)

Meaning of Internal Financial Controls over Financial Reporting

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

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 31st March 2018, 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 ICAI.

Emphasis of Matter

Without qualifying our opinion, we draw attention to clause 1(i) & 1(ii) of Annexure I to Independent Auditor's Report regarding the fact that the Company is in process of capturing full particulars of fixed assets in the fixed assets register and reconciling the physical items with fixed assets register (based on the physical verification carried out in FY 2015-16).

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

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Prashant Daftary
Partner
Membership No: 117080
Place: Mumbai
Dated: 7 MAY 2018

Pallazzio Hotels & Leisure Limited
CIN: U67120MH1995PLC085664
Balance Sheet as at 31st March 2018

(Rs. In Lakhs)

	Particulars	Note no.	As at 31st March 2018	As at 31st March 2017
	ASSETS			
1	**Non-current assets**			
	a) Property, plant and equipment	5	98,676.12	1,03,877.13
	b) Capital work-in-progress	6	-	-
	c) Other intangible assets	7	37.81	128.46
	d) Financial assets			
	i) Investment	8	5.95	5.95
	ii) Other financial assets	9	587.66	2,333.07
	e) Deferred tax assets (net)	10	-	-
	f) Other non-current assets	11	4,538.92	4,107.79
	(A)		1,03,846.46	1,10,452.40
2	**Current assets**			
	a) Inventories	12	418.46	428.38
	b) Financial assets			
	i) Trade receivables	13	1,548.23	1,317.25
	ii) Cash and cash equivalents	14	720.95	2,095.19
	iv) Other financial assets	15	236.17	250.99
	c) Other current assets	16	755.28	853.61
	(B)		3,679.09	4,945.42
	TOTAL (A + B)		1,07,525.55	1,15,397.82
	EQUITY AND LIABILITIES			
1	**Equity**			
	a) Equity share capital	17	1,200.00	1,200.00
	b) Other equity	18	23,509.04	25,883.27
	(A)		24,709.04	27,083.27
	Liabilities			
2	**Non-current liabilities**			
	a) Financial liabilities			
	i) Borrowings	19	60,869.73	66,521.45
	ii) Other financial liabilities	20	4.51	75.92
	b) Provisions	21	4,903.07	3,834.15
	c) Other non-current liabilities	22	371.31	384.30
	(B)		66,148.62	70,815.82
3	**Current liabilities**			
	a) Financial liabilities			
	i) Borrowings	23	1,861.00	1,861.00
	ii) Trade Payables	24	1,196.34	1,330.46
	iii) Other financial liabilities	25	1,960.43	3,590.57
	b) Other current liabilities	26	7,262.70	7,327.38
	c) Provisions	27	4,387.42	3,389.32
	(C)		16,667.89	17,498.73
	TOTAL (A+B+C)		1,07,525.55	1,15,397.82
	Notes	1 to 52		

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

Prashant Daftary
Partner
Membership No. : 117080

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 07/05/2018

For and on behalf of the Board of Directors of Pallazzio Hotels & Leisure Limited

Pallazzio Hotels & Leisure Limited Mumbai

Varun Parwal
Director
DIN:07586435

Pradumna Kanodia
Director
DIN:01602690

Prashant Khandelwal
Chief Financial Officer

Prashant Parekh
Company Secretary
M. No. A28632

Place: Mumbai
Date: 07/05/2018

Pallazzio Hotels & Leisure Limited
CIN: U67120MH1995PLC085664
Statement of Profit and Loss for the year ended 31st March 2018

(Rs. In Lakhs)

Particulars	Note no.	For the year ended 31st March 2018	For the year ended 31st March 2017
Revenue from operations	28	27,888.28	25,201.00
Other income	29	87.61	385.12
Total revenue		**27,975.89**	**25,586.12**
Food and Beverages consumed	30	3,131.40	3,008.67
Other operating cost	31	7,124.41	7,132.98
Personnel expenses	32	4,139.81	4,019.72
Selling and Marketing expenses	33	819.64	789.45
Administrative and Other expenses	34	2,297.25	2,274.84
		17,512.51	**17,225.66**
Profit before finance costs, depreciation, exceptional items and tax		**10,463.38**	**8,360.46**
Finance costs	35	7,414.97	8,837.34
Depreciation and Amortization expense	5 & 7	5,462.29	5,379.15
		12,877.26	**14,216.49**
(Loss) before exceptional items and tax		**(2,413.88)**	**(5,856.03)**
Add / Less:- Exceptional Items	23.1	-	3,500.00
(Loss) before tax		**(2,413.88)**	**(2,356.03)**
Tax expense:			
- Deferred tax Charge	10	-	-
(Loss) after tax		**(2,413.88)**	**(2,356.03)**
Other comprehensive income			
(A)(i) Items that will not be reclassified to profit or loss	42	32.22	(1.37)
(A)(ii) Income tax relating to item that will not be reclassified to profit or loss		-	-
(B)(i) Items that will be reclassified to profit or loss		-	-
(B)(ii) Income tax relating to item that will be reclassified to profit or loss		-	-
Total comprehensive loss for the year		**(2,381.66)**	**(2,357.40)**
Basic and diluted earnings per share	45		
Earnings / (loss) per share (face value of Rs. 100 each, fully paid up) [in Rs.]		(45.38)	(44.30)
Notes	1 to 52		

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

Prashant Daftary
Partner
Membership No. : 117080

Pallazzio Hotels & Leisure Limited Mumbai

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 07/05/2018

For and on behalf of the Board of Directors of Pallazzio Hotels & Leisure Limited

Varun Parwal
Director
DIN:07586435

Pradumna Kanodia
Director
DIN:01602690

Prashant Khandelwal
Chief Financial Officer

Prashant Parekh
Company Secretary
M. No. A28632

Place: Mumbai
Date: 07/05/2018

Statement of changes in equity for the year ended 31st March 2018

(a) **Equity share capital**

(Rs. In Lakhs)

As at 1st April 2016	Changes in equity share capital during the year	As at 31st March 2017	Changes in equity share capital during the year	As at 31st March 2018
1,200	-	1,200	-	1,200

Also refer note 17

(b) **Other equity**

(Rs. In Lakhs)

Particulars	Compulsory Convertible Debentures (Also refer note 18.1 (b) to (g))	Optionally Fully Convertible Debentures (Also refer note 18.1(a) & 23.1)	Reserves and Surplus				Items of Other Comprehensive Income	Total Other Equity
			Retained earning (Also refer note 18.3(a))	Replacement reserve fund (Also refer note 18.3(c))	Share option outstanding (Also refer note 44 & note 18.3(d))	Security Premium (Also refer note 18.3(b))	Remeasurement of net defined benefit plans	
Balance as at 1st April, 2016	4,118.92	-	(40,380.99)	136.42	-	42,303.19	78.64	6,256.18
Loss for the year	-	-	(2,356.04)	-	-	-	-	(2,356.04)
Employee stock option expenses	-	-	-	-	3.59	-	-	3.59
Remeasurement gains/(loss) on defined benefit plan	-	-	-	-	-	-	(1.37)	(1.37)
OFCD issued	-	21,980.91	-	-	-	-	-	21,980.91
Transferred to replacement reserve fund	-	-	(398.08)	-	-	-	-	(398.08)
Transferred from retained earning	-	-	-	398.08	-	-	-	398.08
Balance as at 31st March 2017	4,118.92	21,980.91	(43,135.11)	534.50	3.59	42,303.19	77.27	25,883.27
Loss for the year	-	-	(2,413.89)	-	-	-	-	(2,413.89)
Employee stock option expenses	-	-	-	-	7.44	-	-	7.44
Remeasurement gains/(loss) on defined benefit plan	-	-	-	-	-	-	32.22	32.22
Transferred to replacement reserve fund	-	-	(712.92)	-	-	-	-	(712.92)
Transferred from replacement reserve fund to the extent of utilization	-	-	86.86	-	-	-	-	86.86
Utilization	-	-	-	(86.86)	-	-	-	(86.86)
Transferred from retained earning	-	-	-	712.92	-	-	-	712.92
								-
Balance as at 31st March 2018	4,118.92	21,980.91	(46,175.06)	1,160.56	11.03	42,303.19	109.49	23,509.04

Also refer note 18

As per our audit report of even date

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

Prashant Daftary
Partner
Membership No. : 117080

For and on behalf of the Board of Directors of Pallazzio Hotels & Leisure Limited

Varun Parwal
Director
DIN:07586435

Pradumna Kanodia
Director
DIN:01602690

Prashant Khandelwal
Chief Financial Officer

Prashant Parekh
Company Secretary
M. No. A28632

Pallazzio Hotels & Leisure Limited Mumbai

N. A. SHAH ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 07/05/2018

Place: Mumbai
Date: 07/05/2018

Pallazzio Hotels & Leisure Limited
CIN: U67120MH1995PLC085664
Standalone Cash Flow Statement for the year ended 31st March 2018

(Rs. In Lakhs)

	Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	(Loss) before tax		(2,413.89)	(2,356.04)
	Adjustments for:			
	Depreciation / Amortization [net of reversal of earlier years of Rs. Nil (Previous year : Rs. 844.27 lakhs) considered as exceptional item]		5,462.29	5,379.15
	Finance costs (excluding credit card commission)		7,161.25	8,602.30
	Dividend and profit on sale of mutual fund		-	(0.56)
	Interest income		(87.61)	(228.77)
	Bad debts		-	11.97
	Allowance for doubtful debts (net of write back)		26.92	47.09
	Provision for doubtful advances		135.00	100.00
	Employee stock option expenses		7.44	3.59
	Loss on sale / discard of fixed assets (net)		98.26	29.55
	Waiver of interest on loan (classified under exceptional item)		-	(3,500.00)
	Unrealised foreign exchange fluctuation loss		25.41	(188.83)
	Provision for obsolescence on inventory		(0.90)	-
	Operating profit / (loss) before Working Capital Changes		**10,414.17**	**7,899.45**
	Adjustments for:			
	Trade Receivable, Inventories, Other Current and Non Current Assets		(868.56)	(46.95)
	Trade Payable, Other Current and Non Current Liabilities / Provisions		317.41	1,083.36
	Less : Tax paid (including withholding tax) (net of refund) (Refer note 49 (a))		(331.13)	(342.28)
	Net Cash Flow generated from Operating Activities	A	**9,531.89**	**8,593.58**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets (including advances and net of creditors)		(226.24)	(751.97)
	Sale of fixed assets		0.18	42.35
	Interest received		132.74	243.97
	Income taxes (paid) / received [including withholding tax] on interest (Refer note 49 (a))		(5.95)	(19.70)
	Fixed deposits (under lien) matured		-	2,837.00
	Dividend & profit on sale of mutual fund		-	0.56
	Fixed deposits (under lien) made		(2,609.00)	(2,013.48)
	Fixed deposits (under lien) matured		4,326.61	134.63
	Net Cash generated from / (used in) Investing Activities	B	**1,618.34**	**473.36**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Finance cost		(6,247.52)	(10,607.24)
	Secured loan taken		12,000.00	31,723.89
	Secured loan repaid		(18,276.95)	(22,529.06)
	Unsecured loan taken		50.00	4,333.56
	Unsecured loan repaid		(50.00)	(9,619.06)
	Net Cash generated from / (used in) Financing Activities	C	**(12,524.47)**	**(6,697.91)**
	Net Increase / (Decrease) in Cash and Cash equivalents (A+ B+C)		**(1,374.24)**	**2,369.03**
	Cash and Cash equivalents at beginning of the year		2,095.19	(273.84)
	Cash and Cash equivalents at end of the year		720.95	2,095.19
	Add: Difference due to revaluation on above		-	(0.02)
			720.95	2,095.17
	Net Increase / (Decrease) in Cash and Cash equivalents		**(1,374.24)**	**2,369.03**
	Significant accounting policies			
	Notes	1 to 52		

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

Prashant Daftary
Partner
Membership No. : 117080

Place: Mumbai
Date: 07/05/2018

For and on behalf of the Board of Directors of Pallazzio Hotels & Leisure Limited

Varun Parwal
Director
DIN:07586435

Pradumna Kanodia
Director
DIN:01602690

Prashant Khandelwal
Chief Financial Officer

Prashant Parekh
Company Secretary
M. No. A28632

Place: Mumbai
Date: 07/05/2018

Pallazzio Hotels and Leisure Limited
Notes on financial statement for the year ended 31st March 2018

1. Background

Pallazzio Hotels and Leisure Limited (the "Company") is a limited company domiciled and incorporated in India. The registered office of the Company is located at 426, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is subsidiary of the Phoenix Mills Limited which is a listed entity.

The Company is in the hospitality business. Currently, it owns hotel at lower parel and it has entered into a management agreement with Starwood Hotels & Resorts India Private Limited for managing the routine operations of the hotel under the brand name "St. Regis".

The financial statements of the Company for the year ended 31st March 2018 were approved and adopted by board of directors of the Company in their meeting dated 7th May 2018.

2. Basis of preparation

2.1. Statement of Compliance

The financial statements (on standalone basis) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has consistently applied the accounting policies used in the preparation for all periods presented in these financial statements.

2.2. Functional and presentation of currency

The financial statements are prepared in Indian Rupees which is also the Company's functional currency. All amounts are rounded to the nearest rupees in lakhs.

2.3. Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

i) Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

ii) Defined benefit plans – plan assets measured at fair value.

iii) Share based payments.

2.4. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

i) Property, plant & equipment and Intangible assets

The Company has estimated the useful life, residual value and method of depreciation / amortisation of property, plant & equipment and intangible assets based on its internal technical assessment. Property, plant & equipment and intangible assets represent a significant proportion of the asset base of the Company. Further the Company has estimated that scrap value of property, plant & equipment would be able to cover the residual value & decommissioning costs of property, plant & equipment.

Therefore, the estimates and assumptions made to determine useful life, residual value, method of depreciation / amortisation and decommissioning costs are critical to the Company's financial position and performance.

ii) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on industry practice, Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

iv) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claim / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

v) Income taxes

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Currently, the Company has recognised the deferred tax on unused tax losses / unused tax credits only to the extent of the corresponding deferred tax liability. Any increase in probability of future taxable profit will result into recognition of unrecognised deferred tax assets.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

vi) Obligations linked with operating results

Provisions for expenses which are payable upon achievement of specified criteria are made based on the management estimates as regards probability for achievement of the specified criteria. Estimated performance may vary with actual performance and consequently may affect the provision for the said expenses.

vii) Measurement of defined benefit plan & other long term benefits

The cost of the defined benefit gratuity plan / other long term benefits and the present value of the gratuity obligation / other long term benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation / other long term benefits is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

viii) Optionally Fully Convertible Debentures (OFCD)

An issuer of a financial instrument shall classify the instrument or its component parts on initial recognition as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement and definition of financial liability, financial asset and an equity instrument. With respect to OFCD issued by the Company, which are convertible into fixed number of equity shares at fixed price and at the option of the Company, meet the definition of equity based on the management judgement that it would exercise the option of conversion.

2.5. Fair value measurement

Fair value is the price 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 – unadjusted quoted price in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

3. Significant Accounting Policies

3.1. Presentation and disclosure of financial statements

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Companies Act, 2013 for a company whose financial statements are made in compliance with the Companies (India Accounting Standards) Rules, 2015.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of service i.e. hospitality and the time between rendering of services and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current / non-current classification of assets and liabilities.

3.2. Property, plant and equipment and depreciation

i) On transition to Ind AS, the Company had availed the optional exemption under Ind AS 101 and accordingly carrying value of property, plant and equipment as at the date of transition (i.e. 1st April 2015) under previous Indian GAAP considered as the deemed cost of the property, plant & equipment under Ind AS.

Further as permitted by Ind AS 101, the Company had availed optional exemption to continue to capitalize exchange differences arising from translation of long term foreign currency monetary items outstanding on transition date (i.e. 1st April 2015), in so far as they relate to acquisition of a depreciable capital asset. Accordingly, the Company has continued to add / deduct forex loss / gain on the said long term foreign currency monetary items in the cost of property, plant and equipment.

ii) Subsequent to transition date, property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model. High end operating supplies acquired prior to commencement of the hotel operations and opening of new restaurants / outlets are considered as a part of property, plant and equipment. Cost of property, plant and equipment includes non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable costs of bringing the

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

asset to its working condition for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

iii) Parts (major components) of an item of property, plant and equipments having different useful lives are accounted as separate items of property, plant and equipments. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life.

iv) Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction / acquisition that are not yet ready for their intended use at the Balance Sheet date. Ready to use items like gym equipments etc. are considered as a part of capital work-in-progress / project cost as it can be used only when hotel starts operations and are capitalized along with other assets as and when hotel commences operations.

v) Pre-operation expenses (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of fixed asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to statement of profit and loss.

vi) Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

vii) Depreciation on property, plant and equipment

a) Depreciation on property, plant and equipment (other than freehold land and capital work in progress) is provided on straight line basis over the useful life of the relevant assets net of residual value whose life is in consonance with the life mentioned in Schedule II of the Companies Act, 2013 except;

   a) in respect of servers and networks where the Company has estimated useful life of 3 years being lower than the useful life of 6 years as prescribed under Part C of Schedule II of the Companies Act, 2013, based on its internal technical assessment.

   b) property, plant and equipment (as referred to in note 3.2(i)) carried at deemed cost at the time of transition to Ind AS are depreciated over the balance useful life of assets.

   c) individual assets whose cost does not exceed five thousand rupees has been provided fully in the year of capitalization.

b) High end operating supplies referred to in note 3.2(ii) above are depreciated over a period of three years on straight line method being its estimated useful life.

c) In the case of assets purchased, sold or discarded during the year, depreciation on such assets is calculated on pro-rata basis from the date of such addition or as the case may be, upto the date on which such asset has been sold or discarded.

d) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each balance sheet date and in case of any changes, effect of the same is given prospectively.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

3.3. Intangible assets and amortization

i) On transition to Ind AS, the Company had availed the optional exemption under Ind AS 101 and accordingly carrying value of intangible assets as at the date of transition (i.e. 1st April 2015) under previous Indian GAAP considered as the deemed cost of intangible assets under Ind AS.

Further as permitted by Ind AS 101, the Company had availed optional exemption to continue the policy to capitalize exchange differences arising from translation of long term foreign currency monetary items outstanding on transition date (i.e. 1st April 2015), in so far as they relate to acquisition of intangible assets. Accordingly, the Company has continued to add / deduct forex loss / gain on the said long term foreign currency monetary items in the cost of intangible assets.

ii) Subsequent to transition date, intangible assets are stated at cost of development or consideration paid for acquisition less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised only if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

iii) Intangible assets comprises of computer software and is amortised over its useful life which is presently estimated to be 5 years. Intangible assets (as referred to in note 3.3(i)) carried at deemed cost at the time of transition to Ind AS are depreciated over the balance useful life of assets.

iv) The useful lives and methods of amortisation of intangible assets are reviewed at each balance sheet date and in case of any changes, effect of the same is given prospectively.

3.4. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an assets or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

3.5. Inventories

Inventories comprises of stock of food, beverages, stores and operating supplies and are valued at lower of cost (computed on weighted average basis) or net realizable value. Purchase of operating supplies (other than initial acquisition during the pre-commencement of the hotel and commencement of new restaurants / outlets as referred to in note 3.2(ii) above) is charged to statement of profit and loss in the year of consumptions. The Cost comprises of cost of purchases, duties and taxes (other than those subsequently recoverable) and other costs incurred in bringing them to their present location and condition. Cost of inventories is arrived at after providing for cost of obsolescence.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

3.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost

  A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

  - Financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
  - Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

- Debt instruments at fair value through other comprehensive income (FVTOCI)

  A 'debt instrument' is classified at the FVTOCI if both of the following criteria are met

  - Financial asset is held with the business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and
  - Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  After initial measurement, such financial assets are subsequently measured at fair value and fair value movements are recognised in other comprehensive income. However interest income, impairment losses & reversal of impairment losses and foreign exchange gain or loss is recognised in the statement of profit and loss. On

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the effective interest method.

- Debt instruments at fair value through profit or loss (FVTPL)

  FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortised cost or at FVTOCI, is classified at FVTPL.

  In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

  Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument at FVTPL.

- Equity instruments measured at fair value

  All equity instruments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss except for those equity instruments for which the entity has elected to present value changes in other comprehensive income. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

  If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. The Company has not designated any equity instrument at FVTOCI.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  - the Company has transferred substantially all the risks and rewards of the asset or

  - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment of financial assets

The Company assesses impairment based on Expected Credit Losses (ECL) model to the followings:

- Financial assets measured at amortised cost

- Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to:

- 12 months ECL (ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date) or

- Full lifetime ECL (ECL that result from all possible default events over the life of the financial instruments)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivable or contract revenue receivable and

- All lease receivable

Under simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Further individual trade receivables are provided / written off when management deems them not be collectible. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as expense / income in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount of assets. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Financial assets measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the other comprehensive income.

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

ii) Financial liabilities

a) Initial recognition & measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liability at fair value through profit or loss (FVTPL)

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in other comprehensive income. These gains / loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

- Loans & borrowings

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iii) Compound financial instruments

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

v) Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3.7. Equity share capital

Ordinary shares are classified as equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

3.8. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services or goods provided in the normal course of business.

i) Revenue comprises of sale of rooms, banquets, food & beverages and allied services relating to hotel operations is recognised upon rendering of service. Sales and services are recorded inclusive of excise duty (wherever applicable) and net of goods and services tax, sales tax, service tax, luxury tax and discounts. Revenue yet to be billed is recognised as unbilled revenue. Initial non-refundable membership fee is recognised as income over the period of validity of membership which reflects the expected utilization of membership benefits. Annual membership fees are recognised as income on time proportion basis.

N.A. SHAH ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS *

ii) Contribution to customer loyalty programs calculated as per agreed percentages of qualifying revenues are accounted on accrual basis and the same is reduced from the revenue.

iii) Dividend income on investments is accounted for in the year in which the right to receive is established, which is generally when shareholders approve the dividend.

iv) For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

v) Lease income / rental income is recognised (net of service tax / goods and services tax) as per the terms of the relevant agreement. (Also refer note 3.14)

vi) Non-refundable deposit received from lessee under operating lease is recognised as income over the tenure of the lease agreement on straight line basis.

vii) Key money received (net of service tax) in conjunction with entering into hotel management agreements is deferred and amortised over the term of the hotel management agreement. Un-amortised portion of key money is considered as non-financial liability.

3.9. Government grants

Government grants are recognized in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions. Government grants are recognized in the statement of profit and loss on systematic basis over a period in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

3.10. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise except in respect of long term foreign currency monetary items which are outstanding as on transition date (i.e. 1st April 2015), where the Company has availed the optional exemption under Ind AS 101 for capitalization of exchange difference to the cost of property, plant & equipment and intangible assets.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in statement of profit or loss or other comprehensive income respectively).

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS
PD

3.11. Employee benefits

i) Short term employee benefit

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.

ii) Post-employment benefits

a. Defined Contribution Plan

The defined contribution plan is post-employment benefit plan under which the Company contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Company's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

b. Defined benefit plan

The Company has defined benefit plans comprising of gratuity. Company's obligation towards gratuity liability is funded and is managed by Life Insurance Corporation of India (LIC). The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

Re-measurements comprising of (a) actuarial gains and losses, (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and (c) the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

The expected return on plan assets is the Company's expectation of average long-term rate of return on the investment of the fund over the entire life of the related obligation. Plan assets are measured at fair value as at the Balance Sheet date.

The interest cost on defined benefit obligation and expected return on plan assets is recognised under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

iii) Other long-term benefits

The Company has other long-term benefits in the form of leave benefits. The present value of the other long term employee benefits is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense.

Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

3.12. Share-based payments

The holding company has formulated "Employees Stock Option Scheme 2007" share-based payment scheme. Under said scheme, holding company has awarded its shares to the employees of the Company. The award will be settled through issuance of shares of the holding company. The holding company has the obligation to deliver the shares and there is no obligation to deliver shares on the Company. Since the Company does not have an obligation to settle the award, the award is treated as an equity-settled plan.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The Company is recognising the expenses in respect of employees to whom awards are granted and credit is given to other equity. The expenses is recognized over the vesting period. At the end of each reporting date, the Company revises its estimate of the numbers of options that are expected to vest to employees during the vesting period. The impact of the revision to original estimates, if any, is recognised in the statement of profit and loss with a corresponding adjustment to other equity.

3.13. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

3.14. Operating leases

Lease arrangements where risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating lease.

Lease expenses / License fees income received on assets obtained / given under operating lease arrangements are recognised on a straight-line basis as an expense / income in the statement of profit and loss over the lease term of the respective lease arrangement. Straight line basis is not used when payments are structured so as to increase in line with expected general inflation to compensate for the expected inflationary cost increases. Initial direct cost incurred by lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease terms on the same basis as lease fess income.

3.15. Taxes on income

Tax expenses for the year comprises of current tax, deferred tax charge or credit and adjustments of taxes for earlier years. In respect of amounts adjusted outside profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted outside profit or loss.

Provision for current tax is made as per the provisions of Income Tax Act, 1961.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

3.16. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent as calculated above also includes outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.17. Cash flow statement

Cash Flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.18. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

The Company does not recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.19. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible instruments and it is included from the date consideration is receivable (generally the date of their issue) of such instruments

Diluted earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.20. Exceptional item

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

3.21. Replacement reserve fund

In accordance with hotel operating agreement, replacement reserve fund has been created by debiting "Retained Earnings" based on the (a) agreed percentage of revenues and (b) interest earned from earmarked funds.

4.1. Amendment in Ind AS and its impacts on financial statements

Amendment to Ind AS 7 Statements of Cash Flows: Effective 1st April, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

4.2. New standard issued but not effective and hence not adopted

The following standards issued / modified by MCA become effective w.e.f. 1st April 2018.

Particulars	Effective date
New Ind AS issued *	
Ind AS 115 – Revenue from contracts with customers	1st April 2018
Modification to existing Ind AS *	
Ind AS 12 – Income Taxes	1st April 2018
Ind AS 21 – The effects of changes in foreign exchange rates	1st April 2018
Ind AS 28 – Investments in associates and joint ventures	1st April 2018
Ind AS 40 – Investment property	1st April 2018
Ind AS 112 – Disclosure of interest in other entities	1st April 2018

* Does not include modification to existing other Ind AS due to issue of new Ind AS.

The Company is assessing the potential impact of above amendments on the financial statements. Management presently is of the view that it would not have a material impact on the financial statements.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

5 Property, plant and equipment

(Rs. In Lakhs)

Particulars	Land / FSI / Development Rights (Refer note 5.1 and 5.2)	Buildings (Refer note 5.1)	Plant & Machinery	Furniture & Fixtures	Computers	High End Operating Supplies	Vehicles	Total
Gross block :								
As at 1st April 2016	32,110.50	50,377.07	15,653.57	13,515.02	283.36	396.75	82.34	1,12,418.61
Addition	-	988.36	300.41	527.53	6.21	42.97	63.67	1,929.15
Adjustments/Deletions	-	-	83.36	-	-	-	-	83.36
As at 31st March 2017	**32,110.50**	**51,365.43**	**15,870.62**	**14,042.55**	**289.57**	**439.72**	**146.01**	**1,14,264.40**
Addition	-	-	105.95	37.53	0.99	-	112.46	256.93
Adjustments/Deletions	-	-	93.42	30.29	1.12	-	-	124.83
As at 31st March 2018	**32,110.50**	**51,365.43**	**15,883.15**	**14,049.79**	**289.44**	**439.72**	**258.47**	**1,14,396.50**
Accumulated depreciation:								
As at 1st April 2016	-	1,632.45	1,196.81	1,813.00	64.81	375.14	17.46	5,099.67
Depreciation charge for the year	-	1,772.50	1,259.63	2,147.80	71.24	27.93	19.97	5,299.07
Deductions / Adjustments	-	-	11.47	-	-	-	-	11.47
As at 31st March 2017	**-**	**3,404.95**	**2,444.97**	**3,960.80**	**136.05**	**403.07**	**37.43**	**10,387.27**
Depreciation charge for the year	-	1,788.68	1,242.99	2,224.21	70.21	14.32	30.15	5,370.56
Deductions / Adjustments	-	-	22.28	14.30	0.87	-	-	37.45
As at 31st March 2018	**-**	**5,193.63**	**3,665.68**	**6,170.71**	**205.39**	**417.39**	**67.58**	**15,720.38**
Net book value								
As at 31st March 2017	**32,110.50**	**47,960.48**	**13,425.65**	**10,081.75**	**153.52**	**36.65**	**108.58**	**1,03,877.13**
As at 31st March 2018	**32,110.50**	**46,171.80**	**12,217.47**	**7,879.08**	**84.05**	**22.33**	**190.89**	**98,676.12**

5.1 The Company had purchased land development rights from its holding company, The Phoenix Mills Limited [PML]. As per the terms of the agreement dated 30th March 2007, after completion of three years from the date of agreement, PML shall convey and transfer undivided right, title and interest in the land which bears the same proportion to the total interest in the land as the FSI utilized by executing a deed of conveyance. Pending conveyance and other transfer formalities, the Company had capitalised cost incurred on FSI and Development right under the head 'Land/FSI/Development Rights'. Also refer note 19.1.1.

5.2 Land/FSI/Development Rights include Rs 92 Lakhs paid for right of way.

5.3 At the time of transition to Ind AS, the Company had opted to continue the policy to capitalise foreign currency fluctuation on long term borrowings as per previous Indian GAAP on all long term foreign currency borrowings outstanding on transition date (i.e. 1st April 2015). Accordingly, exchange loss aggregating to Rs. Nil (Previous year Rs. 58.24 Lakhs) was added to the cost of fixed assets by transferring from opening capital work in progress.

5.4 The impairment test of the property, plant & equipment and intangible assets has been carried out based on the net realisable value of the assets

5.5 For disclosure related to asset given on operating lease refer note 43(a).

N. A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

6

(Rs. In Lakhs)

Movement in capital work in progress		
Capital Work in Progress (CWIP) as on 1st April 2016	**(A)**	**1,439.99**
Add: Capital expenditure incurred during the year		
Building		60.74
Plant and Machinery		94.16
Fitouts and Interiors		118.81
High End Operating Supplies		42.97
Computers & Intangibles		3.31
Total	(B)	319.99
Less: Fixed assets capitalized		
Building		984.86
Plant and Machinery		204.66
Furniture and Fixtures		506.38
Computers		4.49
High End Operating Supplies		42.97
Total	(C)	1,743.36
Service tax input credit	(D)	16.62
Total (C+D)		**1,759.98**
Closing capital work in progress as on 31st March 2017	(E)=(A+B-C-D)	**(0)**
Add: Capital expenditure incurred during the year		-
Total	(F)	-
Less: Fixed assets capitalized		-
Total	(G)	-
Service tax / GST input credit	(H)	-
Total (G+H)		-
Closing capital work in progress as on 31st March 2018	(E+F-G-H)	**(0)**

7 **Other Intangible Assets**

(Rs. In Lakhs)

	Computer software (acquired)
Gross block :	
As at 1st April 2016	206.86
Addition	57.73
Adjustments/Deletions	-
As at 31st March 2017	**264.59**
Addition	1.08
Adjustments/Deletions	62.85
As at 31st March 2018	**202.82**
Accumulated amortisation:	
As at 1st April 2016	56.05
Depreciation charge for the year*	80.08
Deductions / Adjustments	-
As at 31st March 2017	**136.13**
Depreciation charge for the year*	91.73
Deductions / Adjustments	62.85
As at 31st March 2018	**165.01**
Net book value	
As at 31st March 2017	**128.46**
As at 31st March 2018	**37.81**

* Includes additional amortisation of Rs. 303.74 Lakhs (Previous year: Rs. Nil) due to change in estimated useful life of software.

7.1 Balance useful life of Intangible assets:

Useful Life	As at 31st March 2018	As at 31st March 2017
Software	Ranging from 0-4 Years	Ranging from 1-5 Years

N. A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

(Rs. In Lakhs)

8	Non-current financial assets - Investments	As at 31st March 2018	As at 31st March 2017
	Long-term non-trade investment (Unquoted investment)		
	Investment in Equity Instruments 2,500 (Previous year: 2500) Equity shares of Rs. 10 each in The Saraswat Co-Operative Bank Limited	0.25	0.25
	Investment in Preference Shares 50,000 (Previous year: 50,000) 10.50% Perpetual Non-cumulative Preference shares of Rs. 10 each in The Saraswat Co-Operative Bank Limited	5.00	5.00
	Investment in government securities National Saving Certificate - NSC [under lien with State Excise Authorities]	0.70	0.70
	Total	**5.95**	**5.95**
	Aggregate cost of unquoted investments	5.95	5.95
	Aggregate amount of impairment in value of investments	-	-

8.1 Investment in National Savings Certificates of Rs. 0.70 Lakhs (Previous year: 0.70 Lakhs) is held in the name of the Company's Director.

(Rs. In Lakhs)

9	Non-current financial assets - Other assets	As at 31st March 2018	As at 31st March 2017
	Bank deposit maturing after one year (under lien) (Refer note 9.1)	570.41	2,329.07
	Security deposit	17.25	4.00
	Total	**587.66**	**2,333.07**

9.1 Lien is given for EPCG license, liquor license and bank guarantee is given to pollution control board & electricity distribution company.

(Rs. In Lakhs)

10	Deferred tax assets (net)	As at 31st March 2018	As at 31st March 2017
	Deferred tax assets:		
	Unabsorbed tax losses and Carry forward depreciation	4,616.81	4,324.63
	Deferred tax liability:		
	Depreciation / Amortization	4,616.81	4,324.63
	Net deferred tax assets	-	-

10.1 As per Ind AS 12 - Income Taxes, deferred tax asset should be recognised for the carry forward of 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. The Company has recognised deferred tax asset to the extent of deferred tax liability considering lower probability of taxable profit in near future against which unused tax losses can be utilised.

10.2 The Company is having (i) unused depreciation losses as on 31st March 2018 is Rs. 27,055.13 Lakhs (Previous year: Rs. 25,433.72 Lakhs) and these losses doesn't have any expiry date (ii) unused tax business losses as on 31st March 2017 is Rs.18,949.94 Lakhs (Previous year: Rs. 18,949.94 Lakhs) and its expiry date varies from 3 to 6 years (Previous year: 4 to 7 years) respectively.

10.3 No provision for tax has been made as the Company has incurred tax loss during the year and there are brought forward losses under income tax. As stated above, the Company has recognised deferred tax asset to the extent of deferred tax liability and hence other disclosure related to tax reconciliation, etc. is not required to be given.

(Rs. In Lakhs)

11	Non-current assets - Other assets	As at 31st March 2018	As at 31st March 2017
	Unsecured, considered good		
	Capital advances	134.38	611.57
	Advance for property tax (Paid under protest) (Refer note 27.1(c))	2,464.80	1,976.44
	Others		
	Advance taxes (Tax deducted at source)	1,854.82	1,517.73
	Service tax amount paid under protest (Refer note 37(d))	2.05	2.05
	Prepaid Expenses	82.87	-
	Unsecured, considered doubtful		
	Capital advances	350.00	215.00
	Less : Provision for doubtful advances	(350.00)	(215.00)
		-	-
	Total	**4,538.92**	**4,107.79**

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

11.1 In FY 2015-16, the Company had terminated its agreement with Carzonrent (India) Pvt. Ltd. and the same was disputed by Carzonrent. As per interim order passed by the high court in FY 2015-16, the company had deposited with the court an amount equivalent to the residual value of the six cars and also the monthly rental for the use of the same. Pending disposal of arbitration proceedings, the Hon'ble High Court had deposited the amount in fixed deposit in the name of "The Prothonotary & Senior master High court Bombay". As a matter of abundant caution the company had also made a provision for contingency of Rs 25.45 Lakhs.

In March 2017, the court had decided the matter against the Company and accordingly monthly rental amount deposited with court was adjusted against the provision for contingency made by the Company and amount of Rs. 174.00 Lakhs deposited with court for residual value of 6 cars was refundable to the Company. In the absence of clarity with regard to interest income on amount deposited with court towards residual value of cars, the Company had not recognised any interest income in the books of account in the previous year.

During the year, the Company has received refund of amount paid under protest (after deducting the claim of the Carzonrent) along with the interest. Refer note 27.1(b)

12

(Rs. In Lakhs)

Current assets - Inventories (At lower of cost or net realizable value)	As at 31st March 2018	As at 31st March 2017
Food and Beverages	418.35	350.55
Stores and Operating Supplies	30.31	108.93
Less: Provision for obsolescence*	30.20	31.10
	0.11	**77.83**
Total	**418.46**	**428.38**

* Rs.0.89 Lakhs (Previous year: Rs. Nil) no longer required written back and credited to stores and operating supplies expense.

13

(Rs. In Lakhs)

Current financial assets -Trade receivables (Unsecured)	As at 31st March 2018	As at 31st March 2017
Considered good (Refer note 41 for amount receivable from related party)	1,548.23	1,317.25
Considered doubtful	42.22	58.20
Total	**1,590.45**	**1,375.45**
Less: Allowance for doubtful trade receivables	(42.22)	(58.20)
Net trade receivables	**1,548.23**	**1,317.25**

14

(Rs. In Lakhs)

Current financial assets - Cash and cash equivalent	As at 31st March 2018	As at 31st March 2017
Cash on hand	17.16	6.14
Cheques in hand	0.74	-
Balances with Bank		
- In current accounts	703.05	2,089.05
	720.95	**2,095.19**

15

(Rs. In Lakhs)

Current assets - Other financial assets	As at 31st March 2018	As at 31st March 2017
Unsecured, considered good		
Interest accrued on fixed deposits	1.42	5.50
Security deposits	20.79	27.29
Unbilled revenue	197.92	126.59
Amount recoverable from holding company (towards reimbursement of expenses) (Refer note 41)	-	64.49
Insurance claim receivable	16.04	27.12
Unsecured, considered doubtful		
Security deposits	-	1.00
Less : Allowance for doubtful deposits	-	(1.00)
	-	-
Total	**236.17**	**250.99**

16

(Rs. In Lakhs)

Current assets - Other assets	As at 31st March 2018	As at 31st March 2017
Other loans and advances		
- Advance to suppliers	80.87	91.21
- Other advances	4.84	10.43
Deposit with Court (Refer note 11.1)	-	174.00
Prepaid expenses	257.84	366.61
Export benefits receivable	411.73	142.84
Service tax input credit	-	68.52
Total	**755.28**	**853.61**

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

17 **Share capital**

(Rs. In Lakhs)

Authorized capital	As at 31st March 2018	As at 31st March 2017
Equity share capital		
1,200,000 Equity Shares (Previous year: 1,200,000) of Rs. 100 each	1,200.00	1,200.00
Total	**1,200.00**	**1,200.00**

(Rs. In Lakhs)

Issued, subscribed and paid-up capital	As at 31st March 2018	As at 31st March 2017
Equity share capital		
1,200,000 Equity Shares (Previous year: 1,200,000) of Rs. 100 each	1,200.00	1,200.00
Total	**1,200.00**	**1,200.00**

17.1 Rights, preferences and restrictions of Equity Shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs.100/-. 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.) Also Refer note 18.1

17.2 The reconciliation of the number of equity shares outstanding and the amount of share capital is as follows :

(Rs. In Lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning	12,00,000	1,200	12,00,000	1,200.00
Add: Shares issued during the year	-	-	-	-
Less: Bought Back	-	-	-	-
Number of shares at the end	12,00,000	1,200	12,00,000	1,200.00

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

Particulars	As at 31st March 2018		As at 31st March 2017	
	% of holding	No of Shares	% of holding	No of Shares
The Phoenix Mills Limited (PML)	100	12,00,000	100	12.00

* Of the above 12,00,000 shares, 7 shares are jointly held by PML with other parties.
In respect to the terms & conditions of instruments convertible into equity shares, refer Note 18.1

17.4 In the previous year, PML (holding company) had purchased Compulsory Convertible Debentures (CCD) from non-resident based on valuation report given by A.B.B. & Associates. As stated in the valuation report, the fair value of CCD was carried out as per the RBI guidelines [RBI/2014-15/129 A.P.(DIR Series) Circular No. 4 dated 15th July 2014] based on the discounted cash flow method.

Also refer note (a) under statement of change in equity

18 **Other Equity**

18.1 **Terms of Securities convertible into Equity Shares**

(a) **Optionally Fully Convertible "Series I" Unsecured Debentures (OFCD)**
The Company had issued 21,980,912 (Previous Year: 21,980,912) Optionally Fully Convertible "Series I" Unsecured Debentures (OFCD) of Rs 100 each to body corporate [including the holding company, Phoenix Mills Limited] at face value. The Company has an option to convert OFCD into Equity shares of the Company at any time after 30th March 2017 . In case of conversion, 1 OFCD of Rs 100 each will be converted into such number of Equity shares of Rs 100 each at a premium of Rs 575 per share. Further at the option of the Company, OFCD may be redeemed within 10 years from the date of allotment in one or more tranches at a premium not exceeding Rs 10 per OFCD. The OFCDs carries coupon rate @4% which will accrue only at the time of redemption & it will be payable at the time of redemption of the instrument by the Company.

OFCD are convertible into fixed number of equity shares at fixed price and at the option of the Company and hence meet the definition of equity based on the management intention / judgement that it would exercise the option of conversion. Further refer note 2.4(viii).

(b) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series H"**
The Company had issued 842,969 Non Cumulative Unsecured Compulsory Convertible Debentures "Series H" of face value of Rs. 100 each at a premium of Rs. 1,240.50 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 14th July 2016. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. In the event investors do not convert the debentures prior to 13th July 2018, each debenture will compulsorily be converted into one equity share of the Company on 14th July 2018.

During the year the debenture holders have agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

(c) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series D"**

The Company had issued 407,703 Non Cumulative Unsecured Compulsory Convertible Debentures "Series D" of face value of Rs. 100 each at a premium of Rs. 664.26 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April, 2016. The debenture shall carry zero coupon till 31st March, 2016 and for the period of non conversion after 31st March, 2016 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. At the end of the 7th year from the date of the issue, each debenture will compulsorily be converted into one equity share of Rs. 100 each of the Company.

During the year the debenture holders have agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(d) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series A"**

The Company had issued 635,294 Non Cumulative Unsecured Compulsory Convertible Debentures "Series A" of face value of Rs. 100 each at a premium of Rs. 664.26 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April 2016. The debenture shall carry zero coupon till 31st March, 2016 and for the period of non conversion after 31st March, 2016, not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. At the end of the 10th year from the date of the issue, each debenture will compulsorily be converted into one equity share of Rs. 100 of the Company.

During the year the debenture holders have agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(e) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series C"**

The Company had converted unsecured loan from Holding Company into 847,365 Non Cumulative Unsecured Compulsory Convertible Debentures "Series C" of face value of Rs. 100 each at a premium of Rs. 640.86 per debenture during the financial year 2012-13. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April, 2015. The debenture shall carry zero coupon till 31st March 2015. If PML does not exercise the option to convert CCDs into equity shares, the instrument may be entitled to a coupon rate of not more than 2% p.a. as may be decided by the company for the period of non conversion after 31st March, 2015. The Company shall not declare any dividend or other distribution to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. On 1st April, 2017, each debenture will compulsorily be converted into one equity share.

During the year the debenture holders have agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(f) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series B"**

The Company had issued 769,440 in various tranches, Non Cumulative Unsecured Compulsory Convertible Debentures "Series B" of face value of Rs. 100 each at a premium of Rs. 1,721.66 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 each at any time on or after 1st April, 2015. The debenture shall carry zero coupon till 31st March, 2015 and for the period of non conversion after 31st March, 2015 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. On 1st April, 2017 each debenture will compulsorily be converted into one equity share of Rs. 100 of the Company.

During the year the debenture holders have agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

(g) **Non Cumulative Unsecured Compulsory Convertible Debentures "Series G"**

The Company had issued 616,147 Non Cumulative Unsecured Compulsory Convertible Debentures "Series G" of face value of Rs. 100 each at a premium of Rs. 1,312 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of Rs. 100 at any time on or after 1st April 2015. The Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared. In the event investors does not convert the debentures prior to 31st March 2017, each debenture will compulsorily be converted into one equity share of the Company on 1st April 2017.

During the year the debenture holders have agreed to extend the date of conversion of CCD's for further period of 10 years from the date of renewal. Upon conversion, each CCD will be converted into one equity share with face value of Rs. 100 each. As per the revised terms, the Company shall not declare any dividend or other distribution to be paid to the holder/s of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay coupon rate at the same rate as the dividend declared to debenture holders.

18.2 In the previous year, certain Compulsory Convertible Debentures (CCDs) were convertible at the option of the holders. However, the Company had not received any intimation for conversion of debentures into equity shares from debenture holders in the previous year. During the year debenture holders have agreed to extend the date of conversion of all CCD's for further period of 10 years. Refer note 18.1(b) to (g)

Further in the previous year, as per the terms of the CCDs, in case when debentures were convertible at the option of holder upto certain period, the Company may decide to pay coupon rate of not more than 2% p.a. In the previous year the Company had decided not to pay 2% coupon rate.

N.A. SHAH ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

18.3 Nature & Purpose of Reserves & Surplus

(a) Retained Earnings:
It represents the accumulated losses of the Company.

(b) Securities Premium :
It represents the amount received in excess of par value of securities. The same can be utilized as per provisions of section 52 of the Companies Act, 2013.

(c) Replacement Reserve Fund :
As per the operating agreement with Hotel operator, the Company is required to create a replacement reserve fund based on percentage of monthly revenues The said fund is required to be earmarked and kept separately which can be utilised only for routine capital expenditure in respect of the hotel property as per the operating plan or as proposed by the hotel operator. Further all interest earned from the said fund also has to be added to the said fund.

Accordingly the company has created a reserve of Rs. 712.92 Lakhs (Previous year: Rs. 398.08 Lakhs) by debiting the balance in retained earnings and utilised reserve of Rs. 86.86 Lakhs (Previous year: Rs. Nil) by crediting balance in retained earnings. Fixed deposit of Rs. Nil [Previous Year Rs. Nil] has also been created for the said purpose.

(d) Share option outstanding :
It represents fair value of stock option granted to employees of the Company under "Employee Stock Option Scheme 2007" by the holding company. Under the scheme, employees of the Company entitles the shares of the holding company.

Also refer note (b) under statement of change in equity

(Rs. In Lakhs)

19 Non-current financial liabilities - Borrowings	As at 31st March 2018	As at 31st March 2017
Term Loans		
- from banks (Refer note 19.1, 19.2 & 19.3)	56,269.73	61,921.45
Debentures [Unsecured]		
2 (Previous year: 2) Zero Coupon Non Convertible Fully Redeemable Non Transferrable Debentures series F of Rs. 2,300 Lakhs each (Refer note 19.4)	4,600.00	4,600.00
Total	**60,869.73**	**66,521.45**

19.1 The Company has taken secured loan from Yes Bank Limited & Saraswat Co-op Bank Ltd (referred as "Consortium of Banks"). The loans together with interest thereon are secured by the security stipulated herein below.

19.1.1 First pari-passu by way of registered mortgage, on all the immovable fixed assets land, proportionate FSI rights & building/structure(s) thereupon), both present & future of the project. Currently, mortgage shall be created on the entire land area of ~17853 sqmtrs, however, once, the conveyance is executed, 1/3rd of the land area of PML shall be excluded from the charge. Also refer note 5.1

19.1.2 First pari-passu charge/exclusive charge on all the movable fixed assets, current assets and receivables (both present & future), including escrow of the same of the Project.

19.1.3 Currently the Company is 100% subsidiary of PML and Avinash Bhosale Infrastructure Pvt Ltd (ABIPL) does not hold any equity interest in the Company. Till the time ABIPL does not hold equity interest in the Company, PML will pledge 30% shareholding in the Company. Further PML will keep 48% shareholding in the Company under negative lien in Yes Bank Limited Depository participant.

After conversion of CCD's, 15% shareholding of PML & 15% shareholding of ABIPL in the Company should be pledged. Further balance 12% shareholding of ABIPL & 36% shareholding of PML in the Company shall be kept under negative lien in Yes Bank Limited Depository participant.

19.2 Secured against hypothecation of the vehicles.
The Company has taken term loan for vehicles from various lenders. Term loan is payable in equal instalments over a period of 1 to 3 years. The maturity profile of the loan amount is as follows:

(Rs. In Lakhs)

	As at 31st March 2018	As at 31st March 2017
2017-2018	-	25.49
2018-2019	26.62	26.47
2019-2020	19.73	21.44
Total	46.34	73.40

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

19.3 **Terms of repayment and maturity profile of the term loan:**

19.3.1 **Term loan from bank (In respect of loan taken from lenders as mentioned in note 19.1)**
Till previous year, term loan was repayable in 48 unequal structured instalments beginning from June 2019 and last payment date was 31st March 2031. Due to pre-payment during the year, next repayment of term loan as per loan agreement would be due from June 2022 and last payment date is 31st March 2031. The maturity profile of the loan amount given below is modified accordingly:

(Rs. In Lakhs)

Financial Year	As at 31st March 2018	As at 31st March 2017
2019-2020	-	1,249.97
2020-2021	-	1,875.00
2021-2022	-	2,500.00
2022-2023	2,500.07	3,125.00
2023-2024	3,750.00	3,750.00
2024-2025	4,375.00	4,375.00
2025-2026	5,625.00	5,625.00
2026-2027	5,625.00	5,625.00
2027-2028	6,875.00	6,875.00
2028-2029	8,125.00	8,125.00
2029-2030	9,375.00	9,375.00
2030-2031	10,000.00	10,000.00
Total	**56,250.07**	**62,499.96**

19.4 The Company has issued two zero coupon fully redeemable non convertible unsecured debentures to body corporate of Rs 2300 Lakhs each [including the holding company, Phoenix Mills Limited] with an underlying right to occupy the certain portion of Company's premises. The Company has an option but not an obligation to redeem the series F debentures, only collectively during the option window period of three months from (a) the expiry of 7 years from the date of which Company receives all the statutory approvals to commence business and the debenture holders are allowed to take possession upon payment of the face value of the debentures along with the premium which will be computed as per the terms mentioned in the debenture certificate [for each 12 month period commencing from the date of issue of debentures till redemption] by the Company at an annualized rate equivalent to the average interest rate by the lenders for that year plus 2.5%, quarterly compounded (b) the expiry of 14 years from the date of which Company receives all the statutory approvals to commence business and the debenture holders are allowed to take possession upon payment of the face value of the debentures along with the premium which will be computed as per the terms mentioned in the debenture certificate [for each 12 month period commencing from the date of issue of debentures till redemption] by the Company at an annualized rate equivalent to the average interest rate by the lenders for that year plus 2%, quarterly compounded. Also refer note 21.1

19.5 The Company is not required to create debenture redemption reserve in view of the losses incurred during the year and in the earlier years.

(Rs. In Lakhs)

20	Non-current financial liabilities - Other liabilities	As at 31st March 2018	As at 31st March 2017
	Security deposit	4.51	75.92
	Total	**4.51**	**75.92**

(Rs. In Lakhs)

21	Non-current liabilities - provisions	As at 31st March 2018	As at 31st March 2017
	Provision for gratuity (Refer note 42)	93.18	58.54
	Provision for premium on redemption of zero coupon non convertible debentures series F (Refer note 21.1)	4,809.89	3,775.61
	Total	**4,903.07**	**3,834.15**

21.1 As stated in note 19.4, the company has an option but not an obligation to redeem the NCD collectively only during the specified window period along with redemption premium. Considering the long term nature of the instrument, other uncertainties as regards exercising of the option, the company is of the view that the event is contingent in nature. However in order to comply with the requirements of the generally accepted accounting principles, the company has made a provision for redemption premium payable (if any) and the same was adjusted against the securities premium account in accordance with section 52 of the Companies Act, 2013 till 31st March 2015 and after 1st April 2015 the said premium has been debited to statement of profit and loss.

(Rs. In Lakhs)

22	Non-current liabilities - Other non current liabilities	As at 31st March 2018	As at 31st March 2017
	Income received in advance	371.31	384.30
	Total	**371.31**	**384.30**

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

23

(Rs. In Lakhs)

Current financial liabilities - Borrowings	As at 31st March 2018	As at 31st March 2017
Unsecured		
Loan repayable on demand (Refer note 23.1)		
- from Related Party (Holding Company) (Refer note 41)	1,861.00	1,861.00
Total	**1,861.00**	**1,861.00**

23.1 In the previous year, the Company had renegotiated the terms of the unsecured loans [including unsecured loans from holding company] as under:
a) Unsecured loans and unpaid interest aggregating to Rs. 2,1980.91 Lakhs was converted into 4% Optionally Fully Convertible Debentures (OFCD).

b) Unpaid interest of Rs. 3,500 Lakhs for the period October 2014 to September 2015 was waived by the holding company. As per the advice received and in terms of para 3.3.3 of Ind AS 109, write back of Rs. 3,500 Lakhs was credited to statement of profit and loss. This treatment is also in consonance with the treatment given by the holding company. The write back of Rs. 3,500 Lakhs was disclosed as an exceptional item.

c) Interest on unsecured loan aggregating to Rs 1,382.03 Lakhs for the period April to September 2016 was waived off. Finance cost for the previous year is net of the said waived amount.

24

(Rs. In Lakhs)

Current financial liabilities - Trade payables	As at 31st March 2018	As at 31st March 2017
- total outstanding dues of micro enterprises and small enterprises (Refer note 24.1)	11.93	14.18
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,184.41	1,316.28
Total	**1,196.34**	**1,330.46**

24.1 Disclosure under section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is as tabulated below:

(Rs. In Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Principal amount remaining unpaid to suppliers	11.93	14.18
Principal amount paid to beyond due date	-	-
Amount of interest paid under section 16	-	-
Amount of interest due and remaining unpaid	-	-
Amount of interest accrued and remaining unpaid	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the above Act.	-	-

The information as required to be disclosed in pursuance of the above referred Act has been determined to the extent such parties have been identified on the basis of information given by the suppliers to the Company.

25

(Rs. In Lakhs)

Current financial liabilities - Other liabilities	As at 31st March 2018	As at 31st March 2017
Current maturities of secured long term borrowing		
- from banks	306.18	1,076.94
Provision for expenses (electricity, water, etc.)	226.54	638.60
Other liabilities		
- Security deposits	560.18	550.09
- Creditors for capital goods (Refer note 24.1) & (Refer note 25.1)	854.76	1,300.19
- Salary payable	6.29	24.75
- Others (excess amount received from customers etc.)	6.48	-
Total	**1,960.43**	**3,590.57**

25.1 The Company accounts for the invoices received from vendors/contractors based on the work certified. Creditors for capital goods include Rs. 431.87 Lakhs (Previous year: Rs. 8,38.47 Lakhs) being provision made towards the value of work done by the Company's appointed sub-contractors which is pending to be certified.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS
MUMBAI

(Rs. In Lakhs)

26	Current liabilities - Other current liabilities	As at 31st March 2018	As at 31st March 2017
	Income received in advance	126.54	131.37
	Advances from customers	576.39	419.76
	Deposits received from tenants	111.11	177.78
	Key money advance	5,897.63	6,141.65
	Statutory dues	551.03	456.82
	Total	**7,262.70**	**7,327.38**

(Rs. In Lakhs)

27	Current liabilities - provisions	As at 31st March 2018	As at 31st March 2017
	Provision for property tax (Refer Note 27.1(c))	3,851.00	2,874.00
	Provision for other contingency (Refer Note 27.1(d))	26.27	26.27
	Provision for gratuity (Refer note 42)	10.00	15.00
	Provision for leave benefits (Refer note 42)	207.65	206.35
	Provision for performance bonus (Refer Note 27.1(a))	292.50	267.70
	Total	**4,387.42**	**3,389.32**

27.1 Disclosure in movement of provision as required by Accounting Standard 29 'Provisions, Contingent liabilities and Contingent Assets'

(a) The Company has made provisions for performance bonus which are expected to be paid in the next year. Details of which are tabulated below:

(Rs. In Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening Balance	267.70	158.95
Add: Provision during the year	292.50	267.70
Less: Paid	208.39	101.96
Less: Written back	59.31	56.99
Closing Balance	**292.50**	**267.70**

(b) The details of provision for contingency made in respect of certain legal matter (amount already deposited with court) is as under (Also refer note 11.1)

(Rs. In Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening Balance	-	25.45
Add: Provision during the year	-	-
Less: Paid	-	25.45
Less: Written back	-	-
Closing Balance	**-**	**-**

(c) The Company had received demand for property tax in the month of September 2014, for the 2012-13, 2013-14 & 2014-15 aggregating to Rs. 2,512.48 Lakhs which was further revised in the month of January 2015 to Rs. 2,005.90 Lakhs. The Company had contested the demand and pending resolution of the matter the Company had made payment under protest of Rs.800 Lakhs. The management was confident that the maximum liability would not be in excess of 50% of the cumulative demand of Rs. 2,005.90 Lakhs. Accordingly the Company based on its estimate had made cumulative provision of Rs. 920 Lakhs for the years 2012-13, 2013-14 and 2014-15.

In the FY 2015-16, FY 2016-17 and FY 2017-18 the Company received the demand for Rs. 977.00 Lakhs for each year and the same has been contested by the Company. As a matter of abundant caution, the Company has made additional provision of Rs. 977.00 Lakhs for each year. The differential demand is disclosed as contingent liability (Refer note 37(c)). Timing of additional outflow, if any, would be determined upon completion of the litigation. Details of provision made is tabulated below:

(Rs. In Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening Balance	2,874.00	1,897.00
Add: Provision during the year	977.00	977.00
Less: Paid / Utilized	-	-
Less: Written back	-	-
Closing Balance	**3,851.00**	**2,874.00**

(d) Other provisions for contingency are towards various cases in respect of which management believes that there are present obligations and the settlements of such obligations are expected to result in outflow of resources, to the extent provided for

(Rs. In Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening Balance	26.26	22.16
Add: Provision during the year	-	4.10
Less: Paid / Utilized	-	-
Less: Written back	-	-
Closing Balance	**26.26**	**26.26**

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

(Rs. In Lakhs)

28	Revenue from operations	For the year ended 31st March 2018	For the year ended 31st March 2017
	Room rent income*	12,255.08	10,682.99
	Food, Beverages and Banquet income	12,757.14	11,771.86
	Other operating income		
	- License fees** (Refer note 43)	338.99	476.79
	- Revenue from Spa and Health club	314.90	318.32
	- Car rentals	461.51	396.75
	- Notional income as per Ind AS (Refer note 18.1)	219.27	219.27
	- Laundry charges	116.37	107.83
	- Export incentives	323.66	210.98
	- Key Money	261.78	228.73
	- Service charge	480.36	482.83
	- Equipment rental revenue	175.25	124.02
	- Others	183.97	180.63
	Total (Also refer note 38)	**27,888.28**	**25,201.00**

* Net of contribution to customer loyalty program of Rs. 369.70 Lakhs (Previous year: Rs. 273.23 Lakhs)
** Net of reversal of Rs. 71.88 Lakhs (Previous year: Rs. Nil) based on renegotiation during the year.

(Rs. In Lakhs)

29	Other income	For the year ended 31st March 2018	For the year ended 31st March 2017
	Dividend income from non-current investments		
	- In respect of investments designated at fair value through profit or loss	-	0.04
	- In respect of investments designated at amortised cost	-	0.53
	Interest income from financial assets at amortised cost	87.61	228.77
	Forex exchange gain (net)	-	155.78
	Total	**87.61**	**385.12**

(Rs. In Lakhs)

30	Food and beverages consumed	For the year ended 31st March 2018	For the year ended 31st March 2017
	Opening stock	350.55	539.16
	Add: Purchases	3,199.21	2,820.06
		3,549.76	3,359.22
	Less: Closing stock	418.35	350.55
	Total	**3,131.40**	**3,008.67**

(Rs. In Lakhs)

31	Other operating cost	For the year ended 31st March 2018	For the year ended 31st March 2017
	Stores and Operating supplies	1,522.21	1,441.60
	Power and Fuel	2,263.01	2,106.27
	Repairs and Maintenance		
	- to buildings	190.38	280.28
	- to machinery	437.59	485.48
	- to others	117.60	404.90
	Contract labour (Housekeeping, Security etc.)	948.37	843.93
	Management fees*	1,015.93	782.39
	Car hire charges	179.27	321.08
	Uniform expenses	62.58	60.62
	Music and Entertainment expenses	161.82	181.73
	Others	225.65	224.70
	Total	**7,124.41**	**7,132.98**

*Net of credit note of Rs. 90.98 Lakhs (Previous year: Rs. Nil) received from hotel operator during the year

(Rs. In Lakhs)

32	Personnel expenses	For the year ended 31st March 2018	For the year ended 31st March 2017
	Salaries, wages, bonus etc.	3,734.25	3,651.20
	Contribution to provident and other funds (Refer note 42)	215.65	198.32
	Gratuity and leave benefits (Refer note 42)	78.24	71.94
	Staff welfare expenses	104.23	94.67
	Employee stock option expenses (Refer note 41 & 44)	7.44	3.59
	Total	**4,139.81**	**4,019.72**

J.A. Shah Associates LLP * Mumbai * Chartered Accountants

PD

(Rs. In Lakhs)

33

Selling and marketing expenses	For the year ended 31st March 2018	For the year ended 31st March 2017
Advertisement expenses	141.60	159.89
Marketing expenses	294.94	249.01
Travel agent commission	170.12	183.18
Business promotion expenses	27.96	25.54
Reservation Fees	169.60	162.54
Other selling expenses	15.42	9.29
Total	**819.64**	**789.45**

(Rs. In Lakhs)

34

Administrative and other expenses	For the year ended 31st March 2018	For the year ended 31st March 2017
Auditors' remuneration	19.20	17.40
Provision for property tax (Refer note 27.1(c))	977.00	977.00
Rent, Rates and Taxes	117.44	124.44
Legal and Professional fees	329.22	307.74
Travelling and Conveyance expenses	48.32	65.34
Printing and Stationery	66.90	66.99
License and Stamp duty	89.04	111.82
Insurance	105.29	100.59
Telephone /Internet and web mail charges	230.34	233.09
Provision for doubtful advances	135.00	100.00
Allowance for doubtful debts [net of write back of Rs 15.29 Lakhs (Previous year: Rs. 5.88 Lakhs)]	26.92	46.09
Bad debts [Net of utilisation of allowance for doubtful debts Rs. 42.90 Lakhs (Previous year: Rs. Nil)]	-	11.97
Loss on sale / discard of fixed assets (net)	98.26	29.55
Forex exchange loss (net)	37.73	-
Miscellaneous expenses	16.59	82.82
Total	**2,297.25**	**2,274.84**

34.1 Auditors' remuneration (excluding service tax/GST)

(Rs. In Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Audit fees	19.20	17.40
Total	**19.20**	**17.40**

(Rs. In Lakhs)

35

Finance costs	For the year ended 31st March 2018	For the year ended 31st March 2017
Borrowing cost		
Interest on term loans and other loans (In respect of financial liabilities measured at amortised cost) (Refer note 23.1(c))	5,847.74	7,280.39
Other borrowing cost*	28.53	82.40
Interest others	26.70	25.16
Notional interest expenses as per Ind AS (Refer note 18.1)	219.27	219.27
Premium on NCD	1,034.28	988.15
	7,156.52	**8,595.37**
Other charges		
Credit card commission	253.73	235.05
Bank charges	4.72	6.92
	258.45	**241.97**
Total	**7,414.97**	**8,837.34**

* Net of write back of pre-payment charges of Rs. Nil (Previous year: Rs.86.45 Lakhs) which is no longer payable based on negotiations

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI
PD

36 Capital Commitments and Other Commitments

(a) Estimated amounts of contracts remaining to be executed on capital accounts and not provided for in the accounts are Rs. Nil (Previous year: Rs. Nil).

(b) Other commitment (for current year and previous year) is for simple coupon rate @ 4% which will be payable only in case of redemption of OFCD and this will accrue at the time of redemption (Also refer note 18.1(a)). Further in previous year, other commitment includes purchase of new luxury saloon vehicles as agreed with hotel operator which are purchased during the year.

37 Contingent Liabilities

(a) The Company had obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of custom duty against submission of bank guarantee and bonds. Under the terms of the respective schemes, the Company is required to earn foreign exchange value equivalent to, or more than, eight times the CIF value of imports within a period of 10 years from the date of import of capital goods. The total amount of pending export obligation is Rs. Nil (Previous year: Rs.1,920.17 Lakhs). The Company does not expect any future cash outflow.

(b) Bank guarantees aggregating to
(i) Rs. 274.58 Lakhs (Previous year: Rs. 1,614.09 Lakhs) given by the Company for EPCG license.
(ii) Rs. 16.86 Lakhs (Previous year: Rs. 16.86 Lakhs) given by the Company to Directorate General of Foreign Trade for obtaining liquor licenses.
(iii) Rs. 90 Lakhs (Previous year: Rs. 95 Lakhs) given by the Company to Maharashtra Pollution Control Board.
(iv) Rs. 129.97 Lakhs (Previous year: Rs. 60 Lakhs) given by the Company towards Tata Power Company Limited as a Security towards prompt payment.

The Company does not expect any future cash outflow on account of above bank guarantees.

(c) Demand received for property tax (net of provision) of Rs.1,085.90 Lakhs (Previous year: Rs.1,085.90 Lakhs) which has been contested by the Company. (Refer note 27.1(c)).

(d) Demand raised by service tax department of Rs. 27.38 Lakhs (Previous year: Rs. 27.38 Lakhs). Further the department has also levied penalty of Rs. 27.38 Lakhs (Previous year: Rs. 27.38 Lakhs). The Company has filed appeal and Rs. 2.05 Lakhs (Previous year: Rs. 2.05 Lakhs) has been paid under protest.

(e) During the year the Company has received demand from sales tax department for Value Added Tax of Rs. 251.11 Lakhs. Further department has also levied interest and penalty of Rs. 329.00 Lakhs. The Company is in the process of filing the appeal against the said order.

(f) During the year, the Company has received demand from sales tax department for Luxury Tax of Rs. 20.91 Lakhs. Further department has also levied interest and penalty of Rs. 23.68 Lakhs. The Company is in the process of filing the appeal against the said order.

(g) During the year the Company has received legal notice from customer (for claim of Rs. 12 Lakhs plus interest) which has been disputed by the Company. Pending outcome of matter, the same has not been acknowledged as debt by the Company.

The future cash outflows of matters reported under point 37 (c), (d), (e), (f) & (g) are determinable on receipt of decisions / judgments pending with forums / authorities.

38 According to the requirement of Ind AS, revenue for the year ended 31st March 2017 was inclusive of excise duty and revenue for the current year from April 17 to June 17 is inclusive of excise duty.

The Government of India has implemented Goods and Service Tax ('GST') from 1st July 2017 replacing Excise duty, Service Tax and various other indirect taxes. As per Ind AS 18, the revenue for the current year from July 17 to March 18 is reported net of GST. Had revenues were shown net of excise duty, revenue of the company for the current year and previous year would have been as follows:

(Rs. In Lakhs)

Particulars	2017-18	2016-17
Revenue from operations	27,805.44	25,189.83

39 Disclosure regarding derivative instruments and un-hedged foreign currency exposure

The Company does not enter into any forward exchange contracts being derivative instruments for trading or speculative purposes. The Company did not enter into any forward exchange contracts being derivative instruments for hedging purposes during the year. The Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Foreign Currency	31st March 2018		31st March 2017	
		Amount in FC	Amount in Rs. (Lakhs)	Amount in FC	Amount in Rs. (Lakhs)
Trade payables	USD	5,41,644	352.29	8,58,444	556.61
	SGD	-	-	749	0.35
	HKD	2,15,556	17.90	2,15,556	17.99
Other liabilities	USD	90,67,700	5,897.63	95,42,207	6,187.03
Advance to suppliers	SGD	749	0.36	-	-
Cash and cash equivalent	USD	279	0.18	245	0.16
	EURO	46	0.04	100	0.07
	CAD	150	0.07	-	-
	POUNDS	-	-	110	0.09

40 There are no reportable segments under Ind AS-108 'Operating Segments' as all the activities relate to only one segment i.e. hospitality services. Further CEO of the Company is also reviewing the results / operations of the Company as single segment i.e. hospitality services.

41 Details of related party transactions

A) Name of related parties

Holding Company (Ultimate holding company)	The Phoenix Mills Limited (PML)
Fellow Subsidiary Companies / Companies in which holding company is having substantial interest (only where there are transactions)	Island Star Mall Developers Palladium Constructions Pvt Ltd Vamona Developers Pvt Ltd Classic Mall Developers Company Pvt Ltd (Fellow subsidiary up to 31st March 2017 & associate of holding company w.e.f 1st April 2017) Offbeat Developers Pvt Ltd Marketcity Resources Pvt Ltd
Entity having significant influence	Avinash Bhosale Infrastructure Pvt. Ltd. (ABIPL)
Post Employment benefit plan	Pallazzio Hotels & Leisure Ltd Employees' Group Gratuity Scheme.

B) Transactions with related parties

For transactions with related parties refer annexure 1

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

42 Employee Benefits:

(a) Brief description of the defined benefit plans and other long term benefits:

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service subject to a maximum of Rs. 20 Lakhs (Previous year: Rs. 10 Lakhs). Vesting occurs upon completion of five continuous years of service in accordance with Payment of Gratuity Act, 1972. The Company has funded its Gratuity obligation under Group Gratuity policy managed by LIC.

Leave benefits are payable to eligible employees who have earned leaves, during the employment and / or on separation as per the Company's policy and it is un-funded. Further employees can utilize earned leaves balances against the absences.

(b) Assumptions used by actuary for arriving at the value of benefits of gratuity and leave :

Particulars	31st March 2018	31st March 2017
Discount rate	8.25%	7.50%
Expected rate of salary increase	10%	10%
Expected rate of return on asset	8.25%	7.50%
Attrition Rate	15%	10%
Mortality Pre-retirement	India Assured Lives (2006-08)	India Assured Lives (2006-08)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other supply and demand factors in the employment market.

The other disclosures are tabulated below:

(Rs. In Lakhs)

Particulars	2017-18		2016-17	
(i) Change in present value of defined benefit obligation during the year	**Gratuity (Funded)**	**Leave benefits (Unfunded)**	**Gratuity (Funded)**	**Leave benefits (Unfunded)**
Present value of obligation	152.18	183.45	114.54	164.69
Interest cost	14.67	16.26	11.78	18.82
Current service cost	50.35	60.08	42.71	104.12
Benefits paid	(11.70)	(31.71)	(11.51)	(27.88)
Actuarial changes arising from changes in financial assumptions	(8.08)	-	2.37	-
Actuarial changes arising from changes in demographic assumptions	(14.43)	-	-	-
Actuarial changes arising from changes in experience adjustments	(12.44)	(21.32)	(7.70)	(76.30)
Past service cost*	7.89	-	-	-
Present value of obligation at the end of the year	178.43	206.77	152.18	183.45

* Due to increase in gratuity limit from Rs. 10 Lakhs to Rs. 20 Lakhs

(Rs. In Lakhs)

	2017-18	2016-17
(ii) Change in fair value of plan assets during the year	**Gratuity (funded)**	**Gratuity (funded)**
Plan assets at the beginning of the year	78.64	84.50
Contribution	5.10	5.21
Benefits paid during the year	(11.70)	(11.51)
Interest Income	5.94	7.14
Actuarial gains / (losses)	(2.73)	(6.70)
Fair value of plan assets at the end of the year	**75.25**	**78.64**

(Rs. In Lakhs)

	2017-18		2016-17	
(iii) Net asset / (Liability) recognised in the balance sheet	**Gratuity (Funded)**	**Leave benefits (Unfunded)**	**Gratuity (Funded)**	**Leave benefits (Unfunded)**
Present value of obligation at the end of the year	178.43	206.77	152.18	183.45
Fair value of plan assets at the end of the year	(75.25)	-	(78.64)	-
Net obligation at the end of the year	**103.18**	**206.77**	**73.54**	**183.45**

(Rs. In Lakhs)

	2017-18		2016-17	
(iv) Expenses recognised in the statement of profit and loss for the year	**Gratuity (Funded)**	**Leave benefits (Unfunded)**	**Gratuity (Funded)**	**Leave benefits (Unfunded)**
Current service cost	50.35	60.08	42.71	104.12
Net interest cost	8.73	16.26	4.64	18.82
Actuarial (Gains) / Losses	-	(21.32)	-	(76.30)
Past Service cost*	7.89	-	-	-
Net cost	**66.97**	**55.02**	**47.35**	**46.64**

* Due to increase in gratuity limit from Rs. 10 Lakhs to Rs. 20 Lakhs

(Rs. In Lakhs)

(v) Recognised in other comprehensive income for the year	**2017-18**	**2016-17**
Actuarial changes arising from changes in financial assumptions	(8.08)	2.37
Actuarial changes arising from changes in demographic assumptions	(14.43)	-
Actuarial changes arising from changes in experience assumptions	(12.44)	(7.70)
Return on plan assets excluding interest income	2.73	6.70
Recognised in other comprehensive income	**(32.22)**	**1.37**

(Rs. In Lakhs)

(vi) Maturity profile of defined benefit obligation	**31st March 2018**	**31st March 2017**
Within the next 12 months (next annual reporting period)	21.24	13.95
Between 2 and 5 years	91.45	54.42
Between 6 and 10 years	112.69	74.72

(Rs. In Lakhs)

(vii) Quantitative sensitivity analysis for significant assumption is as below: (Increase / (decrease) on present value of defined benefits obligation at the end of the year)	**31st March 2018**	**31st March 2017**
One percentage point increase in discount rate	168.63	140.95
One percentage point decrease in discount rate	189.36	165.06
One percentage point increase in rate of salary Increase	187.50	159.44
One percentage point decrease in rate of salary Increase	169.84	144.78
One percentage point increase in employee turnover rate	176.26	150.86
One percentage point decrease in employee turnover	180.62	153.27

N. A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied for calculating the defined benefit obligation recognised within the Balance Sheet.

The investment patterns for the pooled funds are as follows:

Particulars	31st March 2018	31st March 2017
Insurer Managed Funds	100%	100%

(c) In the current year, there is write back of short term compensated absences of Rs. 22.02 Lakhs (including effect of leave balance curtailment due to change in leave policy) and in the previous year there was provision for short term compensated absences of Rs. 1.41 Lakhs. Cumulative outstanding balance of provision for short term compensated absence is Rs. 0.88 Lakhs (Previous year: Rs. 22.90 Lakhs).

(d) Defined contributions plans

Amount of Rs. 215.65 Lakhs (Previous year: Rs. 198.32 Lakhs) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans:

(Rs. In Lakhs)

Particulars	2017-18	2016-17
Contribution to Provident Fund	175.46	175.41
Contribution to Employee state insurance scheme	39.76	22.44
Contribution to Labour welfare scheme	0.43	0.46
Total	**215.65**	**198.31**

43 Operating Leases

(a) As lessor

(i) In accordance with the terms of the issue of non-convertible debentures, the Company has given the debenture holders a right to occupy certain premises of the building. No separate/additional consideration is receivable for the same.

(ii) In accordance with the arrangements entered into by the Company, the Company has accounted for license fees of Rs. 338.99 Lakhs (Previous year: Rs. 476.79 Lakhs) [including amortization of non-refundable security deposit of Rs. 66.67 Lakhs (Previous year: Rs.66.67 Lakhs) and contingent rent of Rs. 212.33 Lakhs (Previous year: Rs. 410.12 Lakhs)].

The minimum license fees receivable in next one year is Rs. 338.22 Lakhs (Previous year: Rs. 126.67 Lakhs) and later than one year and not later than five years is Rs. 896.86 Lakhs (Previous year: Rs. 211.11 Lakhs) and later than five years is Rs. Nil (Previous year: Rs. Nil).

The gross carrying amount and accumulated depreciation at the balance sheet date of the said premises is given below:

(Rs. In Lakhs)

	Buildings	Plant & Machinery	Furniture & Fixtures	Total
Gross block				
As at 1st April 2016	1,256.95	190.43	42.09	1,489.47
Addition	-	-	-	-
Adjustments / deletion	-	1.41	-	1.41
As at 31st March 2017	**1,256.95**	**189.02**	**42.09**	**1,488.06**
Additions due to premises given on lease during the year	438.22	-	-	438.22
Adjustments / deletion	-	-	-	-
As at 31st March 2018	**1,695.17**	**189.02**	**42.09**	**1,926.28**
Accumulated depreciation:				
As at 1st April 2016	43.43	13.98	6.77	64.18
Depreciation charge for the year	43.40	15.00	6.78	65.18
Deductions / adjustments	-	1.24	-	1.24
As at 31st March 2017	**86.83**	**27.74**	**13.55**	**128.12**
Additions due to premises given on lease during the year	26.01	-	-	26.01
Depreciation charge for the year	58.87	13.84	6.78	79.49
Deductions / adjustments	-	-	-	-
As at 31st March 2018	**171.71**	**41.58**	**20.33**	**233.62**
Net book value				
As at 31st March 2017	**1,170.12**	**161.28**	**28.54**	**1,359.94**
As at 31st March 2018	**1,523.46**	**147.44**	**21.76**	**1,692.66**

44 Share based payment

The holding company has issued stock options under "Employees Stock Option Scheme 2007". The Compensation Committee of the holding company has granted options to the certain employees of the Company.

As per the scheme, options are vested to employees over a period of 5 years and once options are vested, it remains exercisable for 3 years. When exercisable, each option entitles the holder to purchase one share of holding company at an exercise price determined by the compensation committee on the grant date. The holding company has the obligation to deliver the shares and there is no obligation to deliver shares on the Company. Since the Company does not have an obligation to settle the options, the options are treated as an equity-settled plan. The details of the plan are as follows:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Options outstanding at the beginning of the year (Nos)	25,000	-
Options granted during the year (Nos)	-	25,000
Options forfeited during the year (Nos)	-	-
Options expired during the year (Nos)	-	-
Options exercised during the year (Nos)	-	-
Options outstanding at the end of the year (Nos)	25,000	25,000
Options vested and exercisable at the end of the year (Nos)	-	-
Weighted average exercise price in Rs.	333.90	333.90
Remaining contractual period	3 years 7 months	4 years 7 months

45 Earnings/ (losses) per share

Particulars	2017-18	2016-17
(Loss) after tax (Rs. In Lakhs)	(2,413.89)	(2,356.04)
Weighted average number of equity shares	53,18,918	53,18,918
Nominal value of equity share (in Rs.)	100	100
Basic and diluted EPS / (loss) per share (in Rs.)	**(45.38)**	**(44.30)**

Note: As per para 23 of Ind AS 33, mandatorily convertible instrument should be considered for basic EPS from the date of the contract. Accordingly, compulsory convertible debentures issued by the Company has been considered for the calculation of basic EPS. Further, the impact of OFCD on the EPS would be anti-dilutive and hence not considered for calculation of diluted EPS in the current year & in the previous year.

N.A. SHAH ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

46 Financial instruments - Accounting Classifications & Fair value Measurement

(a) Financial instruments by category

(Rs. In Lakhs)

Sr. No	Particulars	31st March 2018			31st March 2017		
		Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
A	**Financial assets**						
(i)	Investments						
	Equity Instrument	-	-	0.25	-	-	0.25
	Preference Shares	5.00	-	-	5.00	-	-
	Government Securities	0.70	-	-	0.70	-	-
(ii)	Trade receivables	1,548.23	-	-	1,317.25	-	-
(iii)	Cash and cash equivalents	720.95	-	-	2,095.19	-	-
(iv)	Non-current financial assets - Other assets	587.66	-	-	2,333.07	-	-
(v)	Current financial assets - Other assets	236.17	-	-	250.99	-	-
	Total financial assets	**3,098.71**	-	**0.25**	**6,002.20**	-	**0.25**
B	**Financial liabilities**						
(i)	Borrowings	62,730.73	-	-	68,382.45	-	-
(ii)	Trade Payables	1,196.34	-	-	1,330.46	-	-
(iii)	Non-current financial liabilities - Other liabilities	4.51	-	-	75.92	-	-
(iv)	Current financial liabilities - Other liabilities	1,960.43	-	-	3,590.57	-	-
	Total financial liabilities	**65,892.01**	-	-	**73,379.40**	-	-

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

(b) Fair valuation techniques

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

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

(i) The management assessed that fair value of Trade receivables, Cash and cash equivalents, Current financial assets - Other assets, Short term borrowings, Current financial liabilities - Other liabilities, Trade Payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Further the management has assessed that fair value of Non-current financial assets - Other assets, Non-current financial liabilities - Other liabilities, Equity Instrument, Preference Shares, Government Securities will be approximate to their carrying amounts.

(ii) Long-term variable rate borrowings are evaluated by the Company based on the parameters such as interest rates, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximate their carrying values.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

(c) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

(Rs. In Lakhs)

Sr. No	Particulars	31st March 2018			31st March 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A	Investment in equity instrument*						

* Cost of investment in equity instruments is Rs. 0.25 Lakhs (Previous year: Rs. 0.25 Lakhs). Considering the materiality, the cost of investment has been considered as equivalent fair value and hence no additional disclosure has been made.

During the year ended 31st March 2018 & 31st March 2017 there were no transfers between level 1 & level 2 fair value measurements and no transfer into & out of level 3 fair value measurements.

47 Financial Risk Management

The Company has exposure to the three risks from its use of financial instruments i.e. Credit risk, Liquidity risk and Market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise 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.

(a) Market Risks :

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instruments may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes that affect the market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payables and loans & advances etc. The Company is exposed to market risk primarily related to foreign exchange currency risk and interest rate risk.

(i) Foreign exchange currency risk

The Company transacts business primarily in Indian Rupee, however, it has foreign currency payable and receivable [mainly in USD] and is therefore, exposed to the said foreign exchange currency risk. The following table demonstrates the sensitivity in the foreign currency to the Indian rupee with all other variables held constant. The impact on company's loss after tax and on other equity due to change in fair value of financial assets and liabilities is given below :

(Rs. In Lakhs)

Particulars	Increase / (Decrease) in loss after tax		Increase / (Decrease) in other equity	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
USD sensitivity				
INR/ USD - Increase by 1%	3.52	6.02	(3.52)	(6.02)
INR/ USD - Decrease by 1%	(3.52)	(6.02)	3.52	6.02

(ii) Interest rate risk

The Company's primarily interest rate risk arises from borrowings at variable interest rates. Borrowings taken at variable rate expose the company to cash flow interest rate risk. With all other variables held constant the following table demonstrates the impact of interest rate risk.

(Rs. In Lakhs)

Particulars	Increase / (Decrease) in loss after tax		Increase / (Decrease) in other equity	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Increase by 1%	665.52	709.49	(665.52)	(709.49)
Decrease by 1%	(665.52)	(709.49)	665.52	709.49

The above amount is excluding the outstanding interest free loan.

N. A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

PD

(b) Credit Risk :

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fail to meet its contractual obligations. The Company is exposed mainly to credit risk arises from cash and cash equivalents, deposit with banks and outstanding trade receivables.

(i) Trade Receivables and unbilled revenue

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track report of customer, industry practice, payment track record etc. The Company has also taken advances and security deposits from its customer which mitigate the credit risk to an extent. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue as low, as its customers belongs to several industries.

The ageing of trade receivable along with expected loss rate is as below :

(Rs. In Lakhs)

Particulars	Ageing		Total
	Upto 6 months	More than 6 months	
As at 31st March 2018			
Secured	-	-	-
Unsecured	1,677.56	110.81	1,788.37
Total receivables and unbilled revenue	1,677.56	110.81	1,788.37
Allowance for doubtful receivables*	27.17	15.05	42.22
Net Receivables	1,650.39	95.76	1,746.15
Expected loss rate	**2%**	**14%**	
As at 31st March 2017			
Secured		-	-
Unsecured	1,465.97	36.06	1,502.03
Total receivables and unbilled revenue	**1,465.97**	**36.06**	**1,502.03**
Allowance for doubtful receivables*	22.13	36.06	58.19
Net Receivables and unbilled revenue	**1,443.84**	-	**1,443.84**
Expected loss rate	**2%**	**100%**	

* Calculated based on the expected credit loss for trade receivable under simplified approach. During the year the Company has changed its estimate for expected credit loss from age wise provision to percentage of average of past 12 months' outstanding. This change is based on the inputs provided by hotel operator which is in line with past experience of hotel and is also in line with industry practices. Impact of above change will not be significant.

Movement in allowance for doubtful receivables :

(Rs. In Lakhs)

Particulars	31st March 2018	31st March 2017
Opening balance	58.20	12.10
Addition to allowance for doubtful receivables	42.22	51.97
Adjusted against bad debts	(42.90)	-
Amount written back	(15.29)	(5.88)
Closing balance	**42.23**	**58.19**

(ii) Cash and cash equivalent and Bank deposits

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 balance and fixed deposits are generally maintained with the banks with whom the Company has availed the credit facilities. 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.

(c) Liquidity Risk :

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

(Rs. In Lakhs)

Particulars	Less than 1 year	1 to 5 year	Above 5 years	Total
As at 31st March 2018				
Borrowings	2,167.18	2,519.79	58,349.93	63,036.90
Trade Payables	1,196.34	-	-	1,196.34
Other Financial liabilities	1,654.25	4.51	-	1,658.76
As at 31st March 2017				-
Borrowings	2,937.92	8,171.54	58,349.93	69,459.39
Trade Payables	1,330.46	-	-	1,330.46
Other Financial liabilities	2,513.63	75.92	-	2,589.55

Un-utilised overdraft facility is Rs. 1,300 Lakhs (Previous year: Rs. 1,300 Lakhs). The said amount is excluding the amount of Rs. 1,200 Lakhs (Previous year: Rs. 1,200 Lakhs) which is not allowed to be utilised as it is blocked against Debt Service Reserve Account.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

48 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible instruments, share premium and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company's capital management is to maximise the shareholder's value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

(Rs. In Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Total Debt	63,036.90	69,459.39
Total Capital (total equity shareholder's fund)	24,709.04	27,083.27
Total Capital and Debt	87,745.94	96,542.66
Gearing Ratio	71.84%	71.95%

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

PD

49 Cash flow statement

(a) Aggregate outflow on account of direct taxes paid is Rs. 337.08 Lakhs (Previous year: Rs. 361.98 Lakhs).

(b) Unsecured loan (including interest) of Rs. Nil (Previous year: 21,980.91 Lakhs) has been converted into OFCD and interest on loan of Rs. Nil (Previous year: Rs. 3,500 Lakhs) has been waived off. These items do not involve any cash flow and hence same is not considered for preparing cash flow.

(c) The changes in liabilities arising from financing activities are as follows:

Particulars	As at 31st March 2017	Cash inflow/(outflow	Non-cash changes	As at 31st March 2018
Term Loans	62,573.29	(6,276.95)	-	56,296.34
Debentures	4,600.00	-	-	4,600.00
Unsecured loans	1,861.00	-	-	1,861.00
Compulsory Convertible Debentures	4,118.92	-	-	4,118.92
Optionally Fully Convertible Debentures	21,980.91	-	-	21,980.91
Total	**95,134.12**	**(6,276.95)**	**-**	**88,857.17**

50 Additional Information as required by para 7 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.

51 Following reclassification / regrouping of previous year figures have been carried out for making figures comparable with the current year. This will not affect amount of losses reported in the previous year.

(a) Painting expenses of Rs. 78.49 Lakhs reclassified from selling expenses to repairs and maintenance expenses as expenses are in nature of operating expenses.

(b) Interest accrued and due of Rs. 425.10 Lakhs has been included in current maturity of long term debts instead of showing separately as the borrowings are valued at amortized cost.

(c) Purchase and stock of stores and operating supplies of Rs. 50.39 Lakhs re-classified from purchase and stock of Food & Beverage items.

52 The Company's management has developed a system of maintenance of information and documents as required by the Transfer Pricing Legislation under Section 92 to Section 92F of the Income Tax Act, 1961. The Company has represented that domestic transactions with associated enterprises are at arm's length and transfer pricing legislation will not have an impact on the financial statements particularly on the amount of tax expense for the period and the amount of provision for tax at the period end.

As per our audit report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / 100149W

Prashant Daftary
Partner
Membership No. : 117080

Pallazzio Hotels & Leisure Limited Mumbai

N. A. SHAH ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 07/05/2018

For and on behalf of the Board of Directors of Pallazzio Hotels & Leisure Limited

Varun Parwal
Director
DIN:07586435

Pradumna Kanodia
Director
DIN:01602690

Prashant Parekh
Company Secretary
M. No. A28632

Prashant Khandelwal
Chief Financial Officer

Place: Mumbai
Date: 07/05/2018

Pallazzio Hotels and Leisure Limited
Notes to financial statement for the year ended 31st March 2018

Annexure 1: Transactions with related parties (Also refer note 41)

(Rs. In Lakhs)

Particulars	Holding Company		Fellow Subsidiary Companies / Companies in which holding company is having substantial interest		Entity having Significant Influence		Post Employment benefit plan		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Nature of transactions										
Reimbursement of cost by the Company (Electricity & water charges)	22.54	64.49	-	-	-	-	-	-	22.54	64.49
Unsecured loan taken	-	1,768.50	-	-	50.00	2,565.00	-	-	50.00	4,333.50
Unsecured loans converted into interest free loan	-	1,861.00	-	-	-	-	-	-	-	1,861.00
Unsecured loan repaid	-	13,366.00	-	-	50.00	-	-	-	50.00	13,366.00
Waiver of interest on unsecured loan	-	3,500.00	-	-	-	-	-	-	-	3,500.00
Conversion of loans (including interest) into Optionally Fully Convertible Series I Unsecured Debentures	-	16,046.07	-	-	-	5,934.85	-	-	-	21,980.92
Interest on unsecured loan	-	716.07	-	-	-	-	-	-	-	716.07
Sale of services	72.13	6.23	10.08	3.09	31.69	15.28	-	-	113.90	24.60
Employee stock option expenses (Refer note 4 below)	7.44	3.59	-	-	-	-	-	-	7.44	3.59
Contribution to Employee Group Gratuity Scheme	-	-	-	-	-	-	5.10	5.21	5.10	5.21

Particulars	Holding Company		Fellow Subsidiaries		Entity having Significant		Post Employment benefit		Total	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
Outstanding Balances:										
Unsecured loan	1,861.00	1,861.00	-	-	-	-	-	-	1,861.00	1,861.00
Trade receivables	30.13	-	0.67	0.47	15.28	7.03	-	-	46.08	7.50
Trade payable	5.49	-	-	-	-	-	-	-	5.49	-
Outstanding receivable (for reimbursement of expenses)	-	64.49	-	-	-	-	-	-	-	64.49
Zero coupon compulsory convertible debentures series – C **	847.37	847.37	-	-	-	-	-	-	847.37	847.37
Zero coupon non-convertible debentures Series - F **	2,300.00	2,300.00	-	-	2,300.00	2,300.00	-	-	4,600.00	4,600.00
Zero coupon compulsory convertible debentures Series - G **	514.87	514.87	-	-	101.28	101.28	-	-	616.15	616.15
Zero coupon compulsory convertible debentures series – H **	615.18	615.18	-	-	227.79	227.79	-	-	842.97	842.97
Zero coupon compulsory convertible debentures series – D **	-	-	-	-	407.70	407.70	-	-	407.70	407.70
Zero coupon compulsory convertible debentures series – B **	769.44	769.44	-	-	-	-	-	-	769.44	769.44
Zero coupon compulsory convertible debentures series – A **	-	-	-	-	635.29	635.29	-	-	635.29	635.29
Optionally Fully Convertible Debentures (OFCD) **	16,046.07	16,046.07	-	-	5,934.85	5,934.85	-	-	21,980.92	21,980.92

* Amount erroneously received from party has been repaid.
** Disclosed at face value

Notes:

1) As per the hotel operating agreement, PML and ABIPL had given unconditional and irrevocable guarantee on behalf of the Company. The said guarantees are outstanding in the current year and were also outstanding in the previous year.

2) Refer note 19.1.3 in respect of security given by PML / ABIPL on behalf of the Company and for pledging of shares / negative lien on the shares of the Company by PML / ABIPL.

3) The CEO and CFO who have been designated as Key Managerial Persons as per section 203 of the Companies Act, 2013, are not considered as Key Management Personnel under Ind AS 24. Also Refer note 53 for resignation of CS.

4) Holding company has granted ESOP to the employees of the Company. Also refer note 3.11.

5) During the year, debenture holders have extended the date for mandatory conversion of all CCDs by 10 years from the date of renewal.

6) Refer note 21.1 in respect of provision for premium on redemption of NCD made by the Company.

7) Terms and Conditions:
a) Refer note 18.1 for terms of the OFCD & CCD and note 19.4 for terms of NCD issued to related parties.
b) Terms & conditions of service provided at hotel to the related parties is in accordance with the operating agreement entered with hotel operator.
c) All outstanding balances are payable in cash except in respect of CCD / OFCD.

N.A. SHAH ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI