

INDEPENDENT AUDITOR'S REPORT

To the Members

MINERVA HOSPITALITIES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Minerva Hospitalities Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, and its profit and its cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. **As required by section 143(3) of the Act, we further report that:**
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

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

Place : Hyderabad
Date : 29-05-2015

M V Joshi
Partner
Membership No. 024784

Annexure referred to in paragraph 1 of Our Report of even date to the members of Minerva Hospitalities Private Ltd the accounts of the company for the year ended 31st March, 2015 Under “Report on other Legal & Regulatory Requirements”

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- I (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. The Company has no Inventory. Hence this clause is not applicable.
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Consequently, the provisions of clauses iii(a) and iii(b) are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 and other relevant provisions of the Companies Act, 2013.
- vi. In respect of the company, the Central Government has not prescribed maintenance of Cost records under sub-section (1) of Section 148 of the Act, 2013.
- vii. (a) The Company is generally regular in depositing statutory dues including PF, ESI, Service Tax with the appropriate authorities and at the end of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.

(b) There were no disputed amounts payable in respect of Income tax or Sales tax or Wealth tax or Service tax or Duty of Customs or Duty of Excise or value added tax or Cess as at 31 st March 2015.

(c) There are no amounts that are due to be transferred to the Investors Education and protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made there under.
- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in this financial year and in the immediately preceding financial year.
- ix. According to the information and explanations given to us, the company has not defaulted in repayment of dues to banks and financial institutions .
- x. According to the information and explanations given to us, the Company has not given any guarantee for loan taken with banks or financial institutions, hence this clause is not applicable for the company.
- xi. According to the information and explanations given to us, the company has not obtained any term loans, hence this clause is not applicable.

- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

**For P. Murali & Co.,
Chartered Accountants**
Firm Regn No. :007257S

Place : Hyderabad
Date : 29-05-2015

M V Joshi
Partner
Membership No. 024784

MINERVA HOSPITALITIES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

PARTICULARS	Note No.	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	4,66,92,670	4,66,92,670
(b) Reserves and Surplus	2	(51,48,017)	(51,75,091)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	3,60,70,732	3,60,70,732
(3) Current Liabilities			
(a) Trade Payables	4	5,03,853	5,03,853
(b) Other Current Liabilities	5	56,976	33,240
Total		7,81,76,215	7,81,25,404
II. Assets			
(1) Non-current assets			
(a) Long Term Loans and advances	6	4,14,42,000	-
(b) Other Non-Current assets	7	7,61,570	-
(2) Current assets			
(a) Trade receivables	8	1,25,541	55,207
(b) Cash and Bank Balances	9	4,58,921	4,23,311
(c) Short-Term Loans and Advances	10	3,53,88,183	7,75,34,250
(d) Other Current assets	11	-	1,12,636
Total		7,81,76,215	7,81,25,404

Significant Accounting Policies
Notes to Financial Statements

1 to 13

AS PER OUR REPORT OF EVEN DATE

FOR P. MURALI & CO.,

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

M V Joshi

Partner

Membership No. 024784

Hyderabad

29-05-2015

For MINERVA HOSPITALITIES PRIVATE LIMITED

Sd/-

P. CHAKRADHAR REDDY

Director

Sd/-

P. DIVYA REDDY

Director

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

PARTICULARS	Note No.	Year Ended 31-03-2015 (₹)	Year Ended 31-03-2014 (₹)
I. Revenue from Operations		-	-
II. Other Income	12	35,610	55,596
III. Total Revenue (I +II)		35,610	55,596
IV. Expenses:			
Other Operating Expenses	13	11,236	2701
Total Expenses		11,236	2701
V. Profit before exceptional and extraordinary items and tax (III - IV)		24,374	52,895
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		24,374	52,895
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		24,374	52,895
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from Continuing Operations (VII - VIII)		24,374	52,895
(1) Share of profit of Associate		-	-
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		24,374	52,895
XVI. Earning per equity share:			
(1) Basic		-	-
(2) Diluted		-	-

Significant Accounting Policies
Notes to Financial Statements

1 to 13

AS PER OUR REPORT OF EVEN DATE

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

Sd/-
M V Joshi
Partner
Membership No. 024784
Hyderabad
29-05-2015

For MINERVA HOSPITALITIES PRIVATE LIMITED

Sd/-
P. CHAKRADHAR REDDY
Director

Sd/-
P. DIVYA REDDY
Director

MINERVA HOSPITALITIES PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 1 : SHARE CAPITAL			
A Equity Share Capital			
	Equity Share Capital		
	(a) Authorised		
	(No. of Shares 82,50,000 Current Year)	8,25,00,000	-
	(No. of Shares 82,50,000 Previous Year)	-	8,25,00,000
	Total Authorised Capital	8,25,00,000	8,25,00,000
	(b) Issued		
	(No. of Shares 46,69,267 Current Year)	4,66,92,670	-
	(No. of Shares 46,69,267 Previous Year)	-	4,66,92,670
	(c) Subscribed & Fully Paid Up		
	(No. of Shares 46,69,267 Current Year)	4,66,92,670	-
	(No. of Shares 46,69,267 Previous Year)	-	4,66,92,670
	(d) Subscribed & not fully paid up		
	(e) Par Value per share Rs. 10/-		
	Total Equity Share capital	4,66,92,670	4,66,92,670
	Total Share Capital (Equity & Preference)	4,66,92,670	4,66,92,670
(B) A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period: Equity Shares of Rs.10 Each, Fully paid up			
	At the Beginning	46,69,267	46,69,267
	Issued during the year - Bonus Issue	-	-
	Issued during the year - Cash Issue	-	-
	Issued during the year - ESOP	-	-
	Forfeited / Bought Back during the year	-	-
	At the end	-	-
	Total	46,69,267	46,69,267

(C) Details of Shareholder holding more than 5% shares of the company:

(Equity Shares of Rs. 10 each Held By)

Name of Shareholder	No. of Shares		% Shareholding	
	Current Year	Previous Year	Current Year	Previous Year
(1) Viceroy Hotels Limited	46,69,627	46,69,627	100.00	100.00

MINERVA HOSPITALITIES PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 2 : RESERVES AND SURPLUS			
I	RESERVES AND SURPLUS		
	a) Surpuls :		
	i) Opening Balance - Profit and Loss Account	(51,72,391)	(52,27,986)
	Add: Transfer from Profit & Loss Account	24,374	52,895
	Add:		
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
	Less: Retained Earnings Asset	-	-
	Sub -Total	<u>(51,48,017)</u>	<u>(51,75,091)</u>
	ii) Dividend	-	-
	iii) Bonus shares	-	-
	iv) Transfer to/from reservs.	-	-
		<u>(51,48,017)</u>	<u>(51,75,091)</u>
	Total Reserves and Surplus	<u>(51,48,017)</u>	<u>(51,75,091)</u>
NOTE NO. 3 : LONG TERM BORROWINGS			
I	Long Term borrowings		
	i) Term Loans		
	From Banks	-	-
	From Financial Institutions	-	-
	From Others	3,60,70,732	3,60,70,732
	Sub -Total	<u>3,60,70,732</u>	<u>3,60,70,732</u>
	Total Long Term Borrowings	<u>3,60,70,732</u>	<u>3,60,70,732</u>
NOTE NO. 4 : TRADE PAYABLES			
I	a) Trade Payables	5,03,853	5,03,853
	b) Acceptances	-	-
	b) Dues to Micro & Small Medium Enterprises	-	-
	Total Trade Payables	<u>5,03,853</u>	<u>5,03,853</u>

MINERVA HOSPITALITIES PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 5 : OTHER CURRENT LIABILITIES			
	(IAudit fee Payable	11,236	-
	(ii) Other Payable	45,740	-
	(a) Statutory Liabilities	-	33,240
	Total Other Current Liabilities	56,976	33,240
NOTE NO. 6 : LONG TERM LOANS AND ADVANCES			
Security Deposit			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	1,51,000	-
	Less: Provision for Bad & doubtful Security Deposit	-	-
	Sub Total	1,51,000	-
Doubtful			
	Capital Advances	-	-
	Security Deposit	-	-
	Loans Receivable	-	-
	Advances Recoverable in Cash or in kind	4,12,91,000	-
	Sub Total	4,12,91,000	-
	Less: Provision for Bad & doubtful Loans & Advances to Related Party	-	-
	Sub Total	4,12,91,000	-
	Total Long Term Loans and Advances	4,14,42,000	-
NOTE NO. 7 : OTHER NON CURRENT ASSETS			
I	Unamortised Expenses	6,46,234	-
	Interest Accrued on Deposits	1,15,337	-
	Total Other Non Current Assets	7,61,570	-
NOTE NO. 8 : TRADE RECEIVABLES			
Outstanding for a period exceeding six months from the date they are due for payment			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	1,25,541	55,207
	Doubtful	-	-
	Less: Allowance for Bad & Doubtful Debts	-	-
	Sub Total	1,25,541	55,207
	Total Trade Receivables	1,25,541	55,207

NOTE NO. 9 : CASH AND BANK BALANCES

I Cash and cash equivalents :		
a) Balances with banks :		
1) On Current Accounts	41,861	6,251
b) Cash on hand	4,17,060	4,17,060
Total Cash and Cash Equivalents	4,58,921	4,23,311

NOTE NO. 10 : SHORT TERM LOANS AND ADVANCES

I Secured, Considered Good

Capital Advances	-	-
Loans and Advances to Employees	-	-
Security Deposits	-	8,64,285
Prepaid Expense	29,432	16,932
TDS Receivable	-	58,879
Advances Recoverable in Cash or in kind	3,53,58,751	7,65,94,154
Sub Total	3,53,88,183	7,75,34,250
Total Short Term Loans and Advances	3,53,88,183	7,75,34,250

NOTE NO. 11 : OTHER CURRENT ASSETS

I Unamortised Expenses	-	-
Interest Accrued on Deposits		1,12,636
Total Other Current Assets	-	1,12,636

NOTE NO. 12 : OTHER INCOME

I (a)Interest income	35,610	55,596
Total Other Income	35,610	55,596

NOTE NO. 13 : OTHER OPERATING EXPENSES

I Payment to Auditors:		
(i) As Auditor	11,236	-
Total Other Expenses	11,236	-

Significant Accounting Policies

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

(a) Accounting Convention and Revenue Recognitions:

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

(b) Taxes on Income:

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

(c) Borrowing Cost:

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

(d) Inventories:

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