

Date: 28/09/2018

|                                                                                                                                                |                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To<br>Department General Manager<br><b>Bombay Stock Exchange Limited</b><br>Phiroze Jeejabhoy Towers<br>Dalal Street, Fort<br>Mumbai - 400 001 | To<br>Listing Department<br><b>National Stock Exchanges of India Limited</b><br>Exchange Plaza , 5 <sup>th</sup> Floor, Plot No.C/1,<br>G Block, Bandra- kurla Complex,<br>Bandra(East)<br>Mumbai - 400 051 |
| <b>Scrip Code : 523796</b>                                                                                                                     | <b>Scrip Code : VICEROY</b>                                                                                                                                                                                 |

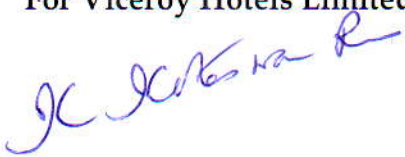
Dear Sir/Madam,

**Sub: Submission of Annual Report for the year 2017-2018.**

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report for the year 2017-18 approved and adopted by the Shareholders at the Annual General Meeting held on Monday, September 24, 2018 at 11.00 AM at Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad-500080, Telangana.

We request to take the same on your record.

Thanking You,  
Yours Faithfully,  
**For Viceroy Hotels Limited**




**Karuchola Koteswara Rao**

Resolution Professional

Registration No. IBBI/PA-003/IP-N00039/2017-18/10301

## VICEROY HOTELS LIMITED

Regd. Office: # Plot No. 20, Sector-I, 4th Floor, Huda Techno Enclave, Sy. No. 64, Madhapur, Hyderabad - 500 081.

Phone: 91-40-2311 9695 Fax : 91-40-4034 9828 Website: [www.viceroyhotels.in](http://www.viceroyhotels.in)

CIN : L55101TG1965PLC001048



Viceroy Hotels Limited

**53<sup>rd</sup>**  
**ANNUAL**  
**REPORT**

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**2017-2018**

Website: [www.viceroyhotels.in](http://www.viceroyhotels.in)



# Viceroy Hotels Limited

## **53<sup>rd</sup>** **ANNUAL** **REPORT**

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**2017-2018**

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## **CORPORATE INFORMATION**

### **Resolution Professional**

**Mr. Karuchola Koteswara Rao**

**IP Registration No. IBBI/IPA-003/IP-N00039/2017-18/10301**

**Resolution Professional appointed by NCLT vide its orders dated March 12, 2018**

### **Board of Directors**

- Mr. P. Prabhakar Reddy** - Chairman and Managing Director  
(Upto 11.03.2018)
- Mrs. P. Kameswari** - Non-Executive Director  
(Upto 11.03.2018)
- Mr. P. Chakradhar Reddy** - Non-Executive Director  
(Upto 11.03.2018)
- Mr. K. Narasimha Rao** - Non-Executive Independent Director  
(Upto 11.03.2018)
- Mr. Devraj Govind Raj** - Non-Executive Independent Director  
(Upto 11.03.2018)
- Mr. Katragadda Rajesh** - Non-Executive Independent Director  
(Upto 11.03.2018 and Resigned on 25.04.2018)

### **Company Secretary**

Ms. Sonam Jaiswal

### **Chief Financial Officer (from 28.03.2018)**

Mr. Daswanth Kumar Jaya

### **Chief Executive Officer: (from 17.03.2018)**

Mr. M. Sreedhar Singh

### **Corporate Identification Number**

L55101TG1965PLC001048

### **Registered Office:**

#Plot No.20, Sector-I,  
Survey No.64, 4<sup>th</sup> Floor, HUDA Techno Enclave  
Madhapur, Hyderabad – 500 081, Telangana.

### **Contact Information:**

Tel : +91 40 - 40349999/23119695

Fax : +91 40 - 40349828

E-mail : [secretarial@viceroymhotels.in](mailto:secretarial@viceroymhotels.in)  
[secretarial.viceroy@gmail.com](mailto:secretarial.viceroy@gmail.com)

Website: [www.viceroyhotels.in](http://www.viceroyhotels.in)

### **Listing**

National Stock Exchange of India Limited (NSE)  
BSE Limited (BSE)

### **Statutory Auditors**

P C N & Associates., (Formerly Known as  
Chandra Babu Naidu & Co.)  
Chartered Accountants, Plot No. 12, "N  
Heights" Ground Floor, Software Layout Unit,  
Cyberabad, Hyderabad – 500081

### **Secretarial Auditor**

Mr. A N Sarma  
Practicing Company Secretary  
Hyderabad

### **Internal Auditor**

Mr. J. Daswanth Kumar  
(Upto 28.03.2018)

### **M/s. Sriramamurthy & Co.**

Hyd. Branch : Sree Sarada, Flat No. 201,  
Sai Damodar Residency, H.No. 6-3-185,  
New Bhoiguda, Secunderabad,  
Telangana - 500080. Tel. : 040-64532022  
Mobile +91-9666732022, +91-9246162022  
E-mail: [info@srmcohyd.in](mailto:info@srmcohyd.in), [pcraofca@srmcohyd.in](mailto:pcraofca@srmcohyd.in)

### **Registrar and Share Transfer Agent**

M/s. Aarthi Consultants Private Limited  
1-2-285, Domulguda, Hyderabad -500 029,  
Telangana. Tel : 040 -2763811/66611921  
Fax: 040 -27632184  
Email: [info@arthiconsultants.com](mailto:info@arthiconsultants.com)

### **Bankers**

State Bank of India  
Canara Bank  
Bank of Maharashtra  
ARCIL  
IARCL

## **NOTICE**

**Notice** is hereby given that the **53rd Annual General Meeting** of the Members of '**Viceroy Hotels Limited**' will be held on **Monday, the 24th day of September, 2018 at 11.00 A.M.** at **Hotel Marriott Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad-500080, Telangana**, to transact the following items of business:

### **ORDINARY BUSINESS:**

1. To consider and adopt
  - i) the Audited Financial Statement of the Company for the year 2017-18 together with the Report of the Board of Directors and Auditors thereon; and
  - ii) the audited Consolidated Financial Statement of the Company for the year 2017-18.

**For Viceroy Hotels Limited**

Place : Hyderabad

Date : 13<sup>th</sup> day of August, 2018

Sd/-  
**Sonam Jaiswal**  
**Company Secretary and Compliance Officer**

### **NOTES FOR MEMBERS:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY**

THE APPOINTMENT OF PROXY SHALL BE IN THE FORM NO. MGT-11. A BLANK PROXY FORM IS ATTACHED.

THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- i. AS PER SECTION 105 OF THE COMPANIES ACT, 2013 AND RELEVANT RULES MADE THERE UNDER, A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
  - ii. DURING THE PERIOD BEGINNING 24 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING AND ENDING WITH THE CONCLUSION OF THE MEETING, A MEMBER WOULD BE ENTITLED TO INSPECT THE PROXIES LODGED AT ANY TIME DURING THE BUSINESS HOURS OF THE COMPANY, PROVIDED THAT NOT LESS THAN THREE DAYS OF NOTICE IN WRITING IS GIVEN TO THE COMPANY.
2. Members/Proxies and Authorized representatives are requested to bring to the Meeting, the attendance slips, enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID/Folio No. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting
3. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, September 17, 2018 to Monday, September 24, 2018**, both days inclusive for the purpose of the 53rd Annual General Meeting of the Company.
4. Viceroy Hotels Limited (Corporate Debtor) is currently under Corporate Insolvency Resolution Process ("CIRP") as per the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) pursuant to an order of the Honorable National Company Law Tribunal, Hyderabad Bench ("NCLT") dated 12th March, 2018. As per the provisions of Section 17 (b) of

the Insolvency and Bankruptcy Code, 2016, ***“the powers of the board of directors or the partners of the corporate debtor, as the case may be, shall stand suspended and be exercised by the interim resolution professional”***. Therefore, no Item for the appointment/re-appointment of Directors, who retires by rotation is proposed as the Company is under CIRP Process.

5. All communications in respect of the share transfers and change in their registered address may be communicated to our RTA at M/s. Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad-500029, Telangana.
6. Members whose shareholdings are in dematerialized form are requested to notify changes if any, with respect to the address, email ids, etc. to the depository participant to update the same.
7. Members, who are holding Company's shares in physical form, please contact our Registrar and Share Transfer Agent M/s. Aarthi Consultants Private Limited to update your address, email-ids etc.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Member who hold shares in physical form in multiple folios under same name or joint holding are requested to intimate the Registrar and Transfer Agents, M/s. Aarthi Consultants Private Limited about these folios to enable consolidation of all such shareholding into one folio.
10. The Company has designated exclusive Email Id [secretarial@viceroyhotels.in](mailto:secretarial@viceroyhotels.in); [secretarial.viceroy@gmail.com](mailto:secretarial.viceroy@gmail.com) to redress shareholders' complaints/grievances.
11. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. Members are requested to kindly bring their copies of the Annual Report to the Meeting as a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
13. Members who hold shares in physical form in multiple folios under same name or joint holding are requested to intimate to the Registrar and Transfer Agents, M/s. Aarthi Consultants Private Ltd about these folios to enable consolidation of all such shareholdings into one folio.
14. All mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.
15. Electronic copy of the Notice of General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form being sent to the members whose email ids are registered with the Company/Depository Participant unless such member requests for a physical copy of the same.

#### **E-VOTING:**

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (LODR) Regulations, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 53rd Annual General Meeting. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 16th September, 2018 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

It may be noted that this Remote E-voting facility is optional. The Ballot shall also be made available at the Annual General Meeting. The facility of voting through electronic voting system shall also be made available at the AGM. Members holding shares as on cut-off date i.e. 16th September, 2018 and attending the Meeting, who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting

It may be further noted that the members who cast their vote by Remote E-voting may also attend Annual General Meeting but shall not be entitled to cast their vote again.

The remote e-voting period commences on September 21, 2018 (9:00 a.m. IST) and ends on September 23, 2018 (5:00 p.m.

IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 16th September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The Remote e-voting facility will be available at the link <http://www.evotingindia.com>, during the e-voting period.

The process and manner for remote e-voting are as under:

**A. IN CASE A MEMBER RECEIVES AN EMAIL FROM CDSL (FOR MEMBERS WHOSE EMAIL ADDRESSES ARE REGISTERED WITH THE COMPANY / DEPOSITORY PARTICIPANT):**

- i) Open the internet browser by typing the following URL: [www.evotingindia.com](http://www.evotingindia.com).
- ii) Click on "Shareholders" tab. Select the "VICEROY HOTELS LIMITED" from the drop down menu and click on "SUBMIT".
- iii) Now enter your User ID

|                                                  |                                                   |
|--------------------------------------------------|---------------------------------------------------|
| For Members holding shares in demat form in NSDL | 8 Character DP ID followed by 8 Digits Client ID. |
| For Members holding shares in demat form in CDSL | 16 digits beneficiary ID.                         |
| For Members holding Shares in Physical Form      | Folio Number registered with the Company.         |

- iv) Next enter the Image Verification as displayed and Click on Login.
- v)
  - i) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company: ***then your existing password is to be used.***
  - ii) If you are a first time user follow the steps given below:

| For Members holding shares in Physical Form/ Demat Form |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN                                                     | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>▪ Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Ex: If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field</li> <li>▪ Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.</li> </ul> |
| DOB                                                     | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Bank Details for Dividend                               | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the folio/client id.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

- vi) After entering these details appropriately, click on “SUBMIT” tab.
- vii) After clicking the SUBMIT tab
  - Members holding shares in Physical form will then reach directly to the voting screen.  
For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - Members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.  
  
If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- viii) Click on the relevant EVSN for the “VICEROY HOTELS LIMITED”
- ix) On the voting page, you will see Resolution Description and against the same the option ‘YES/NO’ for voting. Enter the number of shares (which represents number of votes) under YES/NO.
- x) Click on the “RESOLUTION FILE LINK” if you wish to view the entire Notice of the Annual General Meeting.
- xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xii) Once you ‘CONFIRM’ your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xiv) Note for Non-Individual Shareholders & Custodians:
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
  - Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**B) IN CASE MEMBERS RECEIVES PHYSICAL COPIES OF THE NOTICE OF THE AGM (FOR MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES):**

- (i) Please follow all step from i to xiii above, to cast vote

**C) GENERAL INSTRUCTIONS:**

- i) The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 16th September, 2018. A person whose name is recorded in the Register of Members or in the Register

of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM.

- ii) Members can opt for only one mode of voting, i.e., either by Poll at the venue of AGM or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Poll will be treated as invalid.
- iii) The facility for voting through polling paper shall also be made available at the meeting and the members attending the meeting and who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.
- iv) The member who cast their vote by e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.
- v) Any query regarding e-voting/Poll may be addressed to the Company Secretary, Ms. SonamJaiswal, Company Secretary and Compliance officer, #Plot No.20, Sector-I, Survey No.64, 4th Floor, HUDA Techno Enclave, Madhapur, Hyderabad – 500 081, Telangana, Phone Number: +91 40 – 23119695, Email: secretarial@viceroypatel.in; secretarial.viceroy@gmail.com
- vi) The Scrutinizer, Mr. M Ramana Reddy, Practicing Company Secretary (Membership No. 37864)
- vii) After scrutinising the votes cast at the meeting through poll and through remote e-voting will, not later than two days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.viceroyhotels.in](http://www.viceroyhotels.in) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com) within two days of passing of resolutions. The results shall simultaneously be communicated to the Stock Exchanges.
- viii) The result of the voting on the resolutions at the meeting will be announced by the Chairman or any other person authorized by him within two days of the AGM

**For Viceroy Hotels Limited**

Place: Hyderabad  
Date: 13th day of August, 2018

Sd/-  
**Sonam Jaiswal**  
Company Secretary and Compliance Officer

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the 53rd Annual Report of your Company together with its Audited Financial Statements for the financial year ended March 31, 2018.

### PERFORMANCE / FINANCIAL RESULTS

The financial performance of the Company, for the year ended March 31, 2018 is summarized below:

(Rupees in Lakhs)

| PARTICULARS                                      | STANDALONE         |                   | CONSOLIDATED       |                   |
|--------------------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                                  | 2017-18            | 2016-17           | 2017-18            | 2016-17           |
| Income from Operations                           | 8,382.65           | 8,314.34          | 11,810.39          | 12,441.35         |
| Other Income                                     | 1,707.37           | 369.73            | 1,903.98           | 388.81            |
| <b>Total Revenue</b>                             | <b>10,009.02</b>   | <b>8,684.07</b>   | <b>13,714.37</b>   | <b>12,830.17</b>  |
| <b>Profit before Interest and Depreciation</b>   | <b>2,690.75</b>    | <b>2,885.48</b>   | <b>2,630.98</b>    | <b>1,276.35</b>   |
| Interest                                         | 2,072.37           | 2,555.82          | 2,272.16           | 2,795.31          |
| Depreciation                                     | 832.92             | 595.08            | 1,039.07           | 883.88            |
| <b>Profit before Tax and Extraordinary Items</b> | <b>(214.54)</b>    | <b>(265.41)</b>   | <b>(680.25)</b>    | <b>(807.03)</b>   |
| <b>Exceptional Items</b>                         | <b>(42,659.65)</b> | <b>(797.90)</b>   | <b>(42,659.65)</b> | <b>(797.90)</b>   |
| Provision for Current Tax                        | 0                  | 0                 | 0                  | 4.02              |
| Deferred Tax                                     | 988.68             | 90.90             | 996.41             | 95.89             |
| <b>Profit after Tax</b>                          | <b>(43,862.87)</b> | <b>(1,154.22)</b> | <b>(44,336.32)</b> | <b>(1,704.85)</b> |

### APPOINTMENT OF RESOLUTION PROFESSIONAL

National Company Law Tribunal (NCLT) has initiated Corporate Insolvency Resolution Process (CIRP) in respect of Viceroy Hotels Limited ("the Company") under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") with effect from March 12, 2018.

In this connection, Mr. CMA KarucholaKoteswaraRao(IP Registration No. IBBI/IPA-003/IP-N00039/2017-18/10301) has been appointed as an Interim Resolution Professional (IRP) to carry out the activities relating to CIRP as per the rules, regulations and guidelines prescribed by the Code. The Insolvency Resolution Process period shall continue for 180 days starting from the Insolvency Commencement date. During this period, the NCLT has prescribed moratorium period for prohibiting all of the following namely:

- I. the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority.
- II. transferring, encumbering, alienating, or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein.
- III. any action to foreclose recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the securitization and reconstruction of financial assets and enforcement of security interest act, 2002.
- IV. the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

As per Section 17 of the Insolvency and Bankruptcy Code from the date of appointment of the interim Resolution

#### Professional –

- a) the management of the affairs of the company shall vest in the interim resolution professional.
- b) the power of the board of directors company shall stand suspended and be exercised by the Interim Resolution Professional.
- c) the officers and managers of the company shall report to the interim resolution professional and provide access to such documents and records of the company as may be required by the interim resolution professional.
- d) the financial institutions maintaining accounts of the company shall act on the instructions of the interim resolution professional in relating to such accounts furnish all information relating to the company available with them to the Interim Resolution Professional.

#### PERFORMANCE

Your Company achieved a gross turnover of Rs. 83,82,65,312/- for the period ended March 31, 2018 as against Rs. 83,14,34,102/- for the previous year ended March 31, 2017. On an annualized basis, turnover for the current period ended March 31, 2018 increased by 0.82% percent as compared to the previous period.

#### DIVIDEND

In view of loss incurred by your Company, your directors regret and express their inability to recommend dividend for the period ended March 31, 2018.

#### SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2018 was Rs. 42,40,52,240. During the year under review the company has not issued any shares or any convertible instruments.

#### SUBSIDIARIES

The Company has 5 subsidiaries as on March 31, 2018. There has been no material change in the nature of the business of the subsidiaries. The Consolidated Financial Statements prepared by the Company include the financial information of subsidiary companies, namely Café D Lake Private Limited, Crustum Products Private Limited, Viceroy Chennai Hotels & Resorts Private Limited, Minerva Hospitalities Private Limited and Banjara Hospitalities Private Limited.

Pursuant to Section 136(1) of the Companies Act, 2013, the Balance Sheet, Statement of Profit and Loss and other documents of the said subsidiary companies are required to be annexed to the accounts of the holding Company. The Companies Act, 2013 had granted general exemption for listed companies from complying with the provisions of section 136 of the Companies Act, 2013 subject to certain conditions being fulfilled by the Company. Accordingly, the Balance Sheet, Profit and loss account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. A statement containing the brief details of financials of subsidiary companies for the year ended March 31, 2018 is enclosed in the Annual Report. The annual accounts of the said subsidiary companies and relevant information shall be made available to the shareholders who seek such information and are also available for inspection by any shareholder at the Registered Office of the Company, on any working day during business hours. Copy of the said details will be provided upon receipt of written request from the shareholders

#### Café D Lake Private Limited:

M/s Café D'Lake Private Limited which operates all the restaurants businesses of Minerva Coffee-shop, Blue Fox Bar & Restaurant, Eat Street and Water Front has achieved a turnover of Rs. 36.24 Crores for the year ended 31st March, 2018 as against Rs.41.34 Crores for previous year. However, there was a net Loss of Rs. 4.17 Crores for the year ended 31st March, 2018 as against the loss of Rs.4.51 Crores for the previous years.

#### Crustum Products Private Limited:

During the year under review there is no income from operations. The net loss for the year ended 31st March, 2018 is Rs. 0.56 Crores as against net loss of Rs. 1.07 Crores in the previous year.

#### Viceroy Chennai Hotels & Resorts Private Limited:

Viceroy Chennai Hotels & Resorts Private Limited has no operations commenced as on date.

### **Minerva Hospitalitys Private Limited:**

Minerva Hospitalitys Private Limited has not commenced operations as on date.

### **Banjara Hospitalitys Private Limited**

Banjara Hospitalitys Private Limited has not commenced operations as on date.

### **ASSOCIATE**

#### **Viceroy Bangalore Hotels Private Limited**

All shares of Viceroy Bangalore Hotels Private Limited held by Company were subject to a pledge in favor of ASF Infrastructure Private Limited. On 21st July, 2017, ASF Infrastructure Private Limited has invoked the said pledge over all shares of Viceroy Bangalore Hotels Private Limited held by Company.

### **FINANCIAL INFORMATION ABOUT SUBSIDIARIES AND ASSOCIATE COMPANIES**

Pursuant to First Proviso to Sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts Rules) 2014, a statement containing summary of financial information of Subsidiaries and Associate Companies is provided in "Form AOC-I" as Annexure-I to this report. As per the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

### **CORPORATE GOVERNANCE**

Your Company is committed to adhere to the standards of Corporate Governance as set out by the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 (SEBI LODR Regulations). Detailed Report on Corporate Governance as stipulated under Schedule V of SEBI LODR Regulations is provided under separate section and forms part of this Report. The requisite certificate from Practicing Company Secretaries, confirming the compliance of the conditions stipulated under SEBI LODR Regulations is attached to the Report on Corporate Governance

### **STATUTORY AUDITORS**

M/s. P C N & Associates., (Formerly Known as Chandra Babu Naidu & Co.) Chartered Accountants, Firm's Registration number: 016016S, Hyderabad as the Statutory Auditors have been appointed as the Statutory Auditors of the Company for a period of 5 years at the 52nd Annual General Meeting of the company i.e., up to the conclusion of the 57th Annual General Meeting of the company. The Ministry of Corporate Affairs vide its Notification dated 7th May, 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

With reference to observations made in Auditor's report, the notes of account is self-explanatory and therefore do not call for any further comments. The results for the year ended March 31, 2018 have been subjected to an audit by the Statutory Auditors of the company and a qualified report has been issued by them thereon.

### **Qualifications of Auditor for the year 2017-2018**

- a. **Capital Work In Progress: The Company has converted capital work in progress into Fixed Assets during the F.Y 2017-18 of an amount of Rs. 111.94 Crores. However the company has not submitted us any valuation certificate towards capitalization of fixed assets of Rs.111.94 crores , hence the depreciation claimed by the company an amount of Rs.3.56 crores towards capitalized amount during the year is not ascertainable.**

The company has passed board resolution on 26-08-2017 for converting Capital work in progress of Rs. 111 .94 Crores to fixed assets. Depreciation has been calculated accordingly.

- b. **Forfeiture of Advance: the company has forfeited an advance of amount Rs.134.65 Crores in the F.Y 2013-14**

and adjusted in slump sale proceeds as disclosed in the annual report of F.Y 2013-14 , in the current financial year again the company has recognized the forfeited advances in the books of accounts as outstanding liability which is not in line with the IND As accounting policies , also the management of the company has not provided us any supporting document towards re recognition of such advances liability in the books of accounts of the current financial year 2017-18.

The company has forfeited an amount of Advance of Rs.134.65crores erroneously in the Financial year 2013-14 (Bhagyanagar Investment & Trading Private Limited- Rs.11.77 Crores, Ganga Industrial Corporation- Rs.0.65 Crores, Mahal Hotel Private Limited Rs.122.23 crores) and the same is taken back into the Books as Exceptional Item as directed by the board.

- c. **Corporate guarantee: The Company Viceroy Hotels Limited has given corporate guarantee for an amount of Rs. 317 Crores to Edelweiss Asset Reconstruction Company Limited in respect of loans taken by Viceroy Bangalore hotels private limited in the previous year's which is violating the provisions specified U/s 186 of The Companies Act 2013. The company has not obtained shareholders permission in the general meeting for such corporate guarantee given.**

The loan was taken from various banks/ against the Bangalore project property by giving corporate guarantee in the financial year 2011-12. At 46th Annual General Meeting of Viceroy Hotels Limited held on 27/09/2011 taken approval from members of the company for Confirmation/Ratification of above Corporate Guarantee (Refer Annual Report 2010-11 page No.3 and Annual Report 2011-12 page No.15). The loan was taken over by Edelweiss Asset Reconstruction Company Limited by way of an agreement and restructuring the loan. Hence VHL was forced to continuing the Corporate Guarantee to Edelweiss Asset Reconstruction Company Limited.

- d. **NCLT: The Asset Reconstruction Company (India) Ltd (ARCIL) has filed Plea under Sec.7 of The Insolvency and Bankruptcy code -2016 against M/s Viceroy Hotels Limited for nonpayment of Loans and an Order has been received by the company from NCLT for the same. The company is in the process of corporate insolvency Resolution process, which may effect the Going concern of the company.**

The application filed by the Asset Reconstruction Company (India) Ltd (ARCIL) against the company under Sec. 7 of The Insolvency Bankruptcy Code 2016, has been approved by the NCLT and the order to initiate Corporate Insolvency Resolution Process was also passed. The Committee of Creditors meeting was conducted and a Resolution Professional was appointed. The final impact/effect can be known based on the approval of resolution plan.

- e. **Loans From Banks or Financial Institutions: During the current financial year, the company has not provided interest on the loans obtained from various Banks and Financial institutions which is not accordance with accepted accounting principles. Confirmations from banks and Financial institutions is not yet received., and all the loans obtained has been turned out into NPA's.**

As the loans turned as Non-Operating Assets, there is no correspondence from the banks and financial institutions regarding the interest provision, hence as a result the company could not provide for the interest expense during the year.

- f. **Statutory Dues: The Company has not paid the statutory dues for more than 6 months as per the books of accounts and records maintained by the companies is as follows:**

| Sl.No | Particulars  | Amount (Rs. )        |
|-------|--------------|----------------------|
| 1.    | TDS          | 3,47,38,983/-        |
| 2.    | ESI          | 15,177/-             |
| 3.    | PF           | 1,22,949/-           |
|       | <b>Total</b> | <b>3,48,77,109/-</b> |

The Company is in the process of clearing outstanding statutory dues.

- g. **Trade Payables and Trade Receivables: The Trade payables and Trade receivables of Rs. 19,05,100/- and Rs. 10,32,13,822/- Respectively could not be verified as confirmation of balances is not received.**

Trade Payables and Trade Receivables are true and fair as per the record of the company. The company is in the process of obtaining the confirmation from them.

- h. Exceptional items: The company has written off various current and non current assets during the year for which there is no provision has been created by the company upto previous year and as per the board these assets will not generate any future cash flows.**

The Company has passed board resolution on 14-02-2018 for Writing off various Assets, Liabilities, Incomes and Expenses.

- i. Going Concern: The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's abilities to continue as going concern. In the event that the going concern assumption of the company is inappropriate, adjustments will have to be made as not a going concern. However the financials has not been made with such adjustments for the F.Y 2017-18.**

Management believes the status of going concern is not affected and is confident of maintaining the going concern status and is undergoing the process of IBC Code, 2016. The final status can be known on approval of resolution plan.

Further the Auditors' Report for the financial year ended, 31st March, 2018 is appended herewith for your kind perusal and information.

### INTERNAL AUDITORS

Mr. J. Daswanth Kumar was the Internal Auditor of the Company up to 28th March, 2018. As per the provisions of Section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 and other applicable provisions if any of the Companies Act, 2013, the Board (RP) appointed M/s. Sriramamurthy & Co., Chartered Accountants, as the Internal Auditors of the Company for the Financial Year 2018-19 at such remuneration as may be mutually agreed upon between the Board (RP) of the Company and Internal Auditor with effect from 30th May, 2018

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. A. N. Sarma, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report for the year ended 31st March, 2018 is annexed herewith as **Annexure-VII** to this Report.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The details of conservation of energy are given in Management Discussion & Analysis.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, the information relating to foreign exchange earnings and expenses is set out in Notes 32 and 33 of the Notes to the Financial Statements.

### PARTICULARS OF EMPLOYEES / HUMAN RESOURCES

The disclosure required to be furnished pursuant to Section 197 (12) read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure VIII** to this Report. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required to be furnished pursuant to Section 197 (12) read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report. However, as per the provisions of Section 136 (1) of the Act, the reports and accounts are being sent to all the Members of your Company. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholders interested in obtaining a copy of the same may write to the Company Secretary

### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Your Company has zero tolerance for sexual harassment at its workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, your Company did not receive any complaints on sexual harassment.

## BOARD OF DIRECTORS

Consequent to an order of the Honorable National Company Law Tribunal, Hyderabad Bench ('NCLT') dated 12th March, 2018, the Company is currently under Corporate Insolvency Resolution Process ('CIRP') as per the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) and as per Section 17 of the Code, the powers of the Board of Directors of Viceroy Hotels Limited (Corporate Debtor) stands suspended and such powers shall be vested with Mr. Karuchola KoteswaraRao, Resolution Professional.

Viceroy Hotels Limited received resignation letter dated 21/04/2018 through mail on 25/04/2018 from Mr. Katragadda Rajesh, Independent Director of the Company and Mr. Karuchola Koteswara Rao, Resolution Professional, of the company accepted the resignation of Mr. Katragadda Rajesh as the Independent Director of the Company upon the approval of the resignation of Mr. Katragadda Rajesh by the Committee of Creditors ("COC") in their meeting held on 30.04.2018.

## KEY MANAGERIAL PERSONNEL

There is no change in the Key managerial Personnel of the Company during the year under review except for the resignation of Mr. P. Prabhakar Reddy as the Chief Executive Officer of the Company w.e.f. 17.03.2018 and appointment of Mr. M. Sreedhar Singh (Chief Executive Officer) w.e.f. 17.03.2018 and Mr. J. Daswanth Kumar (Chief Financial Officer) w.e.f. 28.03.2018.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 and of the profit or loss of the Company for that period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts for the year 2017-18 have been prepared on a going concern basis.
- v. Those proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

## MEETINGS OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR

Seven (7) meetings of the board were held during the year. Details of the same are provided under Corporate Governance report, which forms part of this report.

## AUDIT COMMITTEE

The Board has constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year 2017-18. The composition, attendance, powers and role of the Audit Committee are included in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

### (a) Procedure for Nomination and Appointment of Directors:

The Nomination and Remuneration Committee has been formed pursuant to and in compliance with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013. The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and to carry out

evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

On the recommendation of the Nomination and Remuneration Committee, the Board has adopted and framed a Remuneration Policy for the Directors, Key Managerial Personnel and other Employees pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The remuneration determined for Executive/Independent Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors. The Non-Executive Directors are compensated by way of profit sharing Commission and the Non-Executive Directors are entitled to sitting fees for the Board/Committee Meetings. The remuneration paid to Directors, Key Managerial Personnel and all other employees is in accordance with the Remuneration Policy of the Company.

The Nomination and Remuneration Policy and other matters provided in Section 178(3) of the Act and Regulation 19 of SEBI Listing Regulations have been disclosed in the Corporate Governance Report, which forms part of this Report.

It is the general practice of the Company to notify the changes in all the applicable laws from time to time in every Board Meeting conducted.

### **ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND OF DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and other Committees.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

The Board of Directors of the Company has been suspended during the Corporate Insolvency Resolution process (CIRP) Period. Powers of the Board are vested with IRP/RP. However, since the CIRP process is continuing, no committee including Audit Committee can be constituted in compliance with SEBI (LODR) Regulations, 2015, Vide SEBI notification dated 31.05.2018

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees and investments under section 186 of Companies Act.2013, have been disclosed in the financial statements.

### **PUBLIC DEPOSITS**

During the year under review, your Company has neither invited nor accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### **PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in *annexure VIII*

### **EMPLOYEE RELATIONS**

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

The application filed by the Asset Reconstruction Company (India) Ltd (ARCIL) against the company under Sec. 7 of The Insolvency Bankruptcy Code 2016, has been approved by the Honorable National Company Law Tribunal, Hyderabad Bench ('NCLT') dated 12th March, 2018. The Committee of Creditors meeting was conducted and a Resolution Professional was appointed.

Consequent to an order of the Honorable National Company Law Tribunal, Hyderabad Bench ('NCLT') dated 12th March, 2018, the Company is currently under Corporate Insolvency Resolution Process ('CIRP') as per the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) and as per Section 17 of the Code, the powers of the Board of Directors of Viceroy Hotels Limited (Corporate Debtor) stands suspended and such powers shall be vested with Mr. Karuchola

Koteswara Rao, Resolution Professional.

Further there are no significant material orders passed by the Regulators which would impact the going concern status of the Company and its future operations.

### EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure-VI in the prescribed Form MGT-9, which forms part of this report.

### LISTING

The Equity Shares of your Company are listed on the BSE Limited and the National Stock Exchange of India Limited. It may be noted that there are no payments outstanding to the Stock Exchanges by way of Listing Fees, etc.

### CORPORATE GOVERNANCE

Management Discussion & Analysis is enclosed as Annexure- III to this report and Report on Corporate Governance is enclosed as Annexure- IV to this Board Report. A Certificate from the Auditors of the Company regarding compliance with the Corporate Governance Norms stipulated also annexed to the Corporate Governance Report.

### FAMILIARISATION PROGRAM TO INDEPENDENT DIRECTORS

Details of the familiarization program of the independent directors are available on the website of the Company (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in)).

### POLICY ON MATERIAL SUBSIDIARIES

Policy for determining material subsidiaries of the Company is available on the website of the Company (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in)).

### VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The details of Vigil Mechanism and Whistle Blower Policy are available under Corporate Governance Report which forms part of Directors Report.

### TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure-II in Form AOC-2 and the same forms part of this report.

### POLICY ON RELATED PARTY TRANSACTIONS

Policy on dealing with related party transactions is available on the website of the Company (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in)).

### INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the code of Conduct and Code on Fair Disclosure and these code are available on the website of the company (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in)).

### ACKNOWLEDGEMENTS

Your Directors thank the various Departments of Central/ State Government, SEBI, Stock Exchanges, RBI, MCA and other Regulatory Bodies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. Shareholders, customers, bankers, suppliers and other business associates for the excellent support received from them. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution and confidence reposed in the Management.

### FOR VICEROY HOTELS LIMITED

Place: Hyderabad

Date: 13th day of August, 2018

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

## Annexure – I

### Form AOC-I

**Statement containing salient features of the financial statements of subsidiaries/ associate companies/joint ventures as on March 31, 2018.**

(Amount In Rupees)

| Name of the<br>Subsidiary<br>Company | Subsidiaries                                  |                                               |                                               |                                                  |                                              |
|--------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------------|----------------------------------------------|
|                                      | Café D'Lake<br>Pvt. Ltd.                      | Crustum<br>Products<br>Pvt. Ltd.              | Minerva<br>Hospitalities<br>Pvt. Ltd.         | Viceroy Chennai<br>Hotels & Resorts<br>Pvt. Ltd. | Banjara<br>Hospitalities<br>Pvt. Ltd.        |
| Capital                              | 2,74,45,300                                   | 4,00,00,000                                   | 4,66,92,670                                   | 1,00,000                                         | 31,80,000                                    |
| Reserves                             | 4,97,07,045                                   | (7,62,43,945)                                 | (51,85,517)                                   | (48,736)                                         | 34,30,512                                    |
| Total Assets                         | 36,77,52,280                                  | 30,49,54,118                                  | 7,81,76,215                                   | 1,00,000                                         | 1,16,23,50,085                               |
| Total Liabilities                    | 36,77,52,280                                  | 30,49,54,118                                  | 7,81,76,215                                   | 1,00,000                                         | 1,16,23,50,085                               |
| Turnover                             | 36,24,35,779                                  | 0                                             | 0                                             | 0                                                | 32,23,359                                    |
| Profit before<br>taxation/(Loss)     | (4,09,35,437)                                 | (56,36,032)                                   | (11,500)                                      | (11,500)                                         | 22,14,463                                    |
| Provision for<br>taxation            | (7,73,485)                                    | 0                                             | 0                                             | 0                                                | 0                                            |
| Profit/ (Loss)<br>after taxation     | (4,17,08,922)                                 | (56,36,032)                                   | (11,500)                                      | (11,500)                                         | 22,14,463                                    |
| Proposed dividend                    | Nil                                           | Nil                                           | Nil                                           | Nil                                              | Nil                                          |
| No. of Shares                        | 27,44,530<br>Equity Shares of<br>Rs.10/- each | 40,00,000<br>Equity Shares of<br>Rs.10/- each | 46,69,267<br>Equity Shares of<br>Rs.10/- each | 10,000<br>Equity Shares of<br>Rs.10/- each       | 3,18,000<br>Equity Shares of<br>Rs.10/- each |
| Investment                           | 100%                                          | 100%                                          | 100%                                          | 100%                                             | 100%                                         |

## **Annexure - II**

### **Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Viceroy Hotels Limited (VHL) has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the Financial year 2017-18.

**2. Details of material contracts or arrangement or transactions at arm's length basis: Nil**

## **Annexure – III**

# **MANAGEMENT DISCUSSION & ANALYSIS**

### **Industry Structure, Developments and Outlook**

#### **The Global Economy**

To assess the current and future outlook for travel and tourism, it is necessary to evaluate the global economic climate.

The global economy grew by 3% during 2017 compared to 2.4% in the previous year. This is estimated to increase to 3.1% in the coming year before averaging out at 3% in 2019 and 2020.

Looking towards the world's largest economy, the United States, GDP growth was 2.3% in 2017 compared to 1.5% in the year before. GDP is forecasted to grow to 2.9% in 2018 and 2.7% in 2019, assuming that the new Administration does not make any changes to the economic policy.

The Eurozone achieved GDP growth of 2.3% in 2017 but is expected to slow to 2.1% in 2018 and 1.9% in 2019. Consumer spending, which has been the driver of Eurozone recovery, is expected to continue to grow in 2018 and onwards, but at a slower pace.

Meanwhile China, recorded a growth of 6.9% in 2017, 0.2% higher than last year. This was attributed to a strong recovery of exports as well as continued fiscal support. However, GDP is expected to dip to 6.4% in the coming year and is expected to average out to 6.3% thereafter due to rising geopolitical tensions and concerns in the financial sector.

#### **The India Economy**

The latest Economic Survey of India, estimates a slowdown in GDP growth in comparison to previous years. The advance estimates released by the Central Statistics Office (CSO) anticipates GDP growth for 2017-18 to be 6.5%, compared to the 7.1% growth achieved in 2016-17. Growth for the first six months of the Financial Year was negatively impacted by the continuing effects of demonetisation from November 2016 as well as to the economy adjusting to structural tax reform with the introduction of the Goods & Services Tax (GST). This impacted exporters and small and medium enterprises, forcing companies to trim production and stocks, leading to a decline in manufacturing activity. However, GST after the initial transition has stimulated economic growth as it transforms indirect taxes with the free flow of goods and services. It has also eliminated the cascading effects of indirect taxes.

Inflation continued to be moderate during the Financial Year. The Consumer Price Index (CPI) inflation dropped to 3.3%, from April to December 2017, as compared to the 4.8% recorded during the same period last year. This decline could be attributed to lower food inflation, which hovered around 1% from April to December 2017. This is a significant decline as compared to the corresponding period in the previous year, where food inflation stood at 5.1%.

Looking ahead, the International Monetary Fund estimates that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent rising to 7.8 per cent in 2019. The IMF's Asia and Pacific Regional Economic Outlook report said that India was recovering from the effects of demonetisation and the introduction of the Goods and Services Tax and "the recovery is expected to be underpinned by a rebound from transitory shocks as well as robust private consumption."

#### **The Travel & Tourism Global Scenario**

Growing international awareness, the desire to travel, improving flight connectivity and expanding disposable income continue to positively impact travel and tourism. The Travel & Tourism industry generated US\$ 8.3 trillion or 10.4% of global GDP in 2017. This reflects 8.6% growth over 2016 and is anticipated to further grow steadily through 2018.

Travel and tourism globally is a key driver of employment. The industry generated 313 million jobs of total global

employment. This contribution is anticipated to grow to 413 million jobs by 2028 and represent 11.6% of total employment.

### **India Travel & Tourism**

The Indian Travel & Tourism industry contributes significantly to employment, economic development and growth. The industry has been a major growth engine for the Indian economy. Over the past few years, the rising purchasing power of the expanding middle class has aided the development of domestic tourism. This has led to an increase in the emphasis being given to the domestic market.

In 2017, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 42 million. This is expected to rise to 52 million jobs by 2028 and will represent 8.4% of total employment. Furthermore, Travel & Tourism's contribution to GDP was 9.4% in 2017. This is forecast to rise to 9.9% of GDP by 2028.

International travel to India contributes significantly to the country's foreign exchange earnings. This grew in 2017 by 20.8% over 2016 to reach US\$ 27.2 billion based on the provisional estimates by the Ministry of Tourism. 2017 also saw 10.2 million Foreign Tourist Arrivals (FTA) to the country, a growth of 15.6% over 2016. Of these, 1.7 million FTAs arrived on e-Tourist visas as compared to 1.1 million in 2016, representing a growth of 57.1%. The ease of obtaining an e-Tourist visa will continue to drive FTAs to the country. Domestic tourist visits (DTV) to the States and Union Territories grew by 15.5% to reach 1.6 billion during 2016. With disposable incomes increasing and people's appetite for travel, domestic tourism will play an increasingly important role for the Travel & Tourism industry.

Rs. 13 trillion of India's direct Travel & Tourism GDP was generated by leisure travel spending, both international and domestic, representing 94.6% of the direct Travel & Tourism GDP of the country. This is anticipated to reach ` 28 trillion in 2028 and indicate the significant potential for the Industry from both domestic and international leisure travel.

Although the long-term prospects for Travel and Tourism looks positive, GST at 28% for published tariffs for hotel rooms of Rs. 7,500 and above is likely to negatively impact higher spending travel in the country. To put this further into perspective, China, Thailand and Malaysia in comparison have a GST rate on hotel rooms of 10%, 7% and 6% respectively. With Foreign Tourist Arrival (FTA) having grown by 16% over the last year and independent travelers not having the advantage of claiming input credits, GST has played a key role in negatively impacting the international competitiveness of Indian hotels. The hospitality industry has through various forums highlighted this to the Government. The industry hopes that the GST Council, which has reduced rates for many goods and services will consider a similar reduction for hotel room tariffs to make it competitive with countries in the region.

### **Tourism & Hospitality - Trends and Opportunities for Growth**

During 2016-2017, the Indian Hospitality Industry entered its second year of the much-awaited upward cycle. While branded supply grew, the growth in demand considerably outpaced the growth in supply. As a result, hotel occupancies crossed 65% for the first time in nine years. The Average Room Rates at ` 5,658 too witnessed an increase of 2.4% over the previous year.

In 2017, the Indian Hospitality Industry saw capital investments of ` 2.71 trillion representing 18.4% growth over last year. This contributes 6.3% towards the total capital invested in the Indian sub-continent. However, the industry has suffered from high debt and sluggish demand between 2008 and 2015 as a result of which there are up to ` 68 billion worth of assets for sale today. More hotels with distressed balance sheets are likely to join this pool with the new insolvency laws introduced in June 2016.

Looking ahead, improved hotel performance across most major cities over the past two years is expected to continue. This coupled with diminishing new supply in the pipeline will have a positive impact on the hospitality industry.

### **FINANCIAL PERFORMANCE OF THE COMPANY:**

The Company operate only in single segment i.e., Business of Hoteliers.

The Company's standalone operating income has registered a growth of 16.18 % at Rs. 100.90 Crores in Financial Year 2017-18

During the last financial year, the Company's total turnover was Rs. 83.82 Crores. The Earnings before Interest, Depreciation and Taxation and other Amortization (EBIDTA) is 26.90 Crores. The Loss for the last financial year is Rs. 11.54 Crores

During the Financial Year under the review, the Company's consolidated total income from aggregated Rs. 137.14 Crores. The Company's consolidated profit before taxes aggregated to Rs. (433.39) Crores.

## **RISKS AND CONCERNS**

### **Economic Risk**

The company's performance is highly reliant on the growth of business and economy in the country. The subdued economic growth in the country may have severe affect on the company's business. The expected green shoots of recovery, the Company does not expect to be significantly affected by this risk.

### **Occupancy Risk**

The profitability of the Company is dependent on occupancy rate. This might be the major risk and affect the Company's profitability.

### **Project Implementation Risk**

Your Company may be impacted by delays in implementation of projects which would result in increasing project cost and loss of potential revenue. To mitigate this risk, the Company has in place an experienced project team supported by the leading external technical consultants. The Company will endeavour to complete its projects on time at optimal cost so as to maximize the profitability.

### **Human Resource Risk**

One of the greatest challenges plaguing the hospitality industry is the unavailability of quality workforce in different skill levels. The hospitality industry has failed to retain good professionals. Retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages.

### **Opportunities:**

The concept of sharing goes to the heart of the evolving customer experience. Sharing find expression in different ways that Hospitality companies may leverage for competitive advantage by providing more mobile application based services to customers, encouraging direct feedback from guest, to maintain the balance between demand and supply i.e. providing the services of what market requires, incorporating data collection into strategic planning, empower the employee by developing their ability to deliver personalized customer experience, training them and by rewarding them and engage them in all strategic pain point

### **Cautionary Statement**

The report contains certain statements that include forward looking statements based on current expectations, beliefs or assumptions about future events that are subject to a number of risks and uncertainties. However, Actual results may differ materially from those expected due to various external factors. However readers are advised not to rely upon these forward looking statements which do not guarantee future performance and are subject to a number of risks and uncertainties. This report should be read in conjunction with the financial statements included herein and the notes thereto.

## **Annexure – IV**

### **REPORT ON CORPORATE GOVERNANCE**

#### **I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

| Name of the Director and DIN                                                    | Category and Designation                                       | Board Meetings attended during the year | Attended AGM held on 29.09.2016 | No. of directorships held in other Indian public limited | No. of Committee positions held in other companies |        | Number of shares held in the company |
|---------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------|---------------------------------|----------------------------------------------------------|----------------------------------------------------|--------|--------------------------------------|
|                                                                                 |                                                                |                                         |                                 |                                                          | Chairman                                           | Member |                                      |
| Mr.P. Prabhakar Reddy<br>DIN : 01442233                                         | Chairman and Managing Director – Executive Director (Promoter) | 7                                       | Yes                             | 01                                                       | Nil                                                | 01     | 10,93,124                            |
| Mr. P. Chakradhar Reddy<br>DIN: 01425681                                        | Non Executive Director (Promoter)                              | 7                                       | Yes                             | 01                                                       | Nil                                                | Nil    | 27,89,351                            |
| Mrs.P. Kameswari<br>DIN : 01587727                                              | Non Executive Director (Promoter)                              | 7                                       | No                              | 01                                                       | Nil                                                | Nil    | 19,75,643                            |
| Mr. K. Narasimha Rao<br>DIN: 01475473                                           | Non Executive Director (Independent)                           | 7                                       | Yes                             | Nil                                                      | 02                                                 | 01     | 20,575                               |
| Mr. Devraj Govind Raj<br>DIN: 07526450                                          | Non Executive Director (Independent)                           | 7                                       | Yes                             | Nil                                                      | Nil                                                | 02     | Nil                                  |
| Mr. Katragadda Rajesh<br>(from 13.03.2017)<br>upto 25/04/2018)<br>DIN: 02727491 | Non Executive Director (Independent)                           | 3                                       | No                              | 03                                                       | Nil                                                | Nil    | Nil                                  |

A report on Corporate Governance is set out in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Collectively referred as SEBI (LODR) Regulations)

#### **II. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company believes that application of good Corporate Governance practices and disclosure of timely and accurate information will maximize the shareholder value.

#### **III. BOARD OF DIRECTORS**

##### **Composition of the Board**

- i. As on March 31, 2018, Viceroy's Board consists of 7 Members of whom 3 (three) are Independent Directors. The Composition of the Board is in conformity with the listing requirements.
- ii. The composition of the Board is with appropriate combination of Non-Executive and Independent Directors (IDs) to maintain the independence of the Board, and separate its functions of governance and management. Currently, the Board consists of seven members. One half is Independent Directors. The number of NEDs is more than fifty per cent of the total number of Directors. Detailed profile of our Directors is available on our website: [www.viceroyhotels.in](http://www.viceroyhotels.in)

- iii. There are no pecuniary relationships or transactions with Independent Non Executive Directors except for sitting fees paid for attending Board and other Committee Meetings.
- iv. The Board of Directors met Seven (7) times during the financial year 2017-18. These were held on 30.05.2017, 31.07.2017, 26.08.2017, 14.09.2017, 13.12.2017, 14.12.2017 and 14.02.2018 and the maximum gap between any two meetings did not exceed 120 days.
- v. None of the Directors on the board is a member in more than 10 committees or Chairman in more than 5 committees, across all the companies in which he is a director.
- vi. None of the Directors serves as an independent Director in more than seven Listed Companies.
- vii. The names and categories of Directors on the Board, their attendance at the Board Meeting and at the Annual General Meeting and details of other directorships, committee chairmanships/memberships held by the Directors in other committees during the year are as follows:

*Committee positions only of the Audit Committee and the Stakeholders Relationship Committee in Public Companies has been disclosed. Memberships of the Directors in various committees are within permissible limits of Companies Act, 2013 and SEBI (LODR) Regulations, 2015*

#### **Relationship of Directors with Other Directors:**

Mr. P. Prabhakar Reddy, Chairman and Managing Director of the Company and Mrs. P. Kameswari, Director of the Company are related being husband and wife. Mr. P. Chakradhar Reddy, Director of the Company is the son of Mr. P. Prabhakar Reddy, Chairman and Managing Director of the Company and Mrs. P. Kameswari, Director and therefore is related to them. Except these, no Director is related to any other director on the Board.

#### **INDEPENDENT DIRECTORS MEETING**

The Independent Directors (ID) met on 30.05.2017 without the presence of Non-Independent Directors and members of the Management. At this meeting, the IDs inter alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

#### **IV. BOARD COMMITTEES**

##### **AUDIT COMMITTEE**

Composition, meetings and the attendance during the year:

The composition of the Audit committee is in accordance with the requirements of the Regulation under Securities and Exchange Board of India (Listing Obligation and Disclosure Regulations) 2015 and also Section 177 of the Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014.

The Audit Committee is empowered with functions according to the powers, scope and role as defined and prescribed under the said Regulation under Securities and Exchange Board of India (Listing Obligation and Disclosure Regulations) 2015 and Section 177 of the Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and acts in terms of reference and directors if any given by the board from time to time.

During the year under review, 4 (four) meetings of the committee were held on 30.05.2017, 14.09.2017, 13.12.2016 and 14.02.2018

The composition of the committee during the year as well as the particulars of the attendance at the committee meeting during the year is given below:

| Name                    | Designation in the committee | Category of Directorship             | No. of meetings attended |
|-------------------------|------------------------------|--------------------------------------|--------------------------|
| Mr. K. Narasimha Rao    | Chairman                     | Non Executive Director (Independent) | 4                        |
| Mr. P. Chakradhar Reddy | Member                       | Non Executive Director               | 4                        |
| Mr. Devraj Govind Raj   | Member                       | Non Executive Director (Independent) | 4                        |

### Terms of Reference

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Regulations entered into with Stock Exchanges read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

#### i. Powers of the Audit Committee include:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### ii. Role of the Audit Committee includes:

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.
- Approval of payment to statutory auditors for any other services rendered by them
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013- changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit finding.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements.
  - Management Discussion and Analysis of financial conditions and results of operations.
- Review of Statement of significant related party transactions submitted by the management.
- Review of management letters/letters of internal control weaknesses issued by the statutory auditors.
- Review of internal audit reports relating to internal control weaknesses.
- Review of appointment, removal and terms of remuneration of the Chief internal Auditor.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

- j. Review of the financial statements of subsidiary Companies.
- k. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- l. Approval or any subsequent modification of transactions of the Company with related parties.
- m. Scrutiny of inter-corporate loans and investments.
- n. Valuation of undertakings or assets of the Company, wherever it is necessary.
- o. Evaluation of internal financial controls and risk management systems.
- p. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.
- q. Reviewing, with the management, the statement of uses / application of funds raised through an issue(public issue, rights issue, preferential issue, etc.),the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceed so far public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- r. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- s. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- t. Discussion with internal auditor so f any significant findings and follow up thereon
- u. Reviewing the risk management policies, practices and the finding so f any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting them at the to the Board.
- v. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- w. To review the functioning of the Whistle Blower Mechanism
- x. Approval of appointment/reappointment I remuneration of CFO(or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc.of the candidate
- y. Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee
- z. The Audit Committee is charges its functions and obligations on regular basis and on the occurrence of the events

**Note:**

The Managing Director, Company Secretary, CFO and the Statutory Auditors were also invited to the Committee Meetings.

**AUDIT COMMITTEE:**

1. **Chairman:** Mr.Devraj Govind Raj

2. **Members:**

- a) Mr. P. Prabhakar Reddy
- b) Mrs. P. Kameswari

**Nomination and Remuneration Committee**

The Nomination and Remuneration committee has been formed in compliance of Regulation under Securities and Exchange Board of India (Listing Obligation and Disclosure Regulations) 2015 and pursuant to section 178 of the companies Act 2013 comprising of the half independent Directors.

During the financial year 2017-18, (1) one meeting of the Nomination and Remuneration Committee was held on 14.09.2017.

The composition of the committee during the year is as below.

| Name                    | Designation in the committee | Category of Directorship             | No. of meetings attended |
|-------------------------|------------------------------|--------------------------------------|--------------------------|
| Mr. K. Narasimha Rao    | Chairman (from 26.08.2017)   | Non Executive Director (Independent) | 1                        |
| Mr. P. Chakradhar Reddy | Member                       | Non Executive Director               | 1                        |
| Mr. Devraj Govind Raj   | Member (from 13.02.2017)     | Non Executive Director (Independent) | 1                        |
| Mr. P. Prabhakar Reddy  | Member                       | Chairman and Managing Director       | 1                        |

### Terms of Reference

The terms of reference of the Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
- Formulation of criteria for evaluation of Independent Directors and the Board. D Devising a policy on Board diversity
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board the is appointment and removal.
- To recommend/review remuneration of Key Managerial Personnel based on their performance and defined Assessment criteria.
- To decide on the elements of remuneration package of all the Key Managerial Personnel i.e. salary, benefits, bonus, stock options, pensions, etc.
- Recommendation of fee I compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
- Payment /revision of remuneration payable to Managerial Personnel.
- While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
- The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
- Any other functions/ powers/ duties as may be entrusted by the Board from time to time.

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in))

The Company's Nomination remuneration policy is enclosed as 'Annexure- V' which forms part of this report.

**Note:** Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 requires to constitute various committees including Audit Committee. However, since the CIRP process is continuing Nomination and Remuneration Committee has been re- constituted by the Resolution Professional and the present Audit Committee is as under:

### NOMINATION AND REMUNERATION COMMITTEE:

1. **Chairman:** Mr. Devraj Govind Raj

2. **Members:**

- Mr. P. Prabhakar Reddy
- Mrs. P. Kameswari

## Remunerations paid to the Directors

### a. Independent, Non-Executive Directors and Non-Executive Directors

| Name of the Director    | Relationship with other Directors                             | Sitting Fees (Rs.) | Total (Rs.) |
|-------------------------|---------------------------------------------------------------|--------------------|-------------|
| Mr. K. Narasimha Rao    | NIL                                                           | NIL                | NIL         |
| Mr. Devraj Govind Raj   | NIL                                                           | 20,000             | 20,000      |
| Mr. P. Chakradhar Reddy | Related to P. Prabhakar Reddy and Mrs.P. Kameswari            | NIL                | NIL         |
| Mrs. P. Kameswari       | Related to Mr. P. Prabhakar Reddy and Mr. P. Chakradhar Reddy | 10,000             | 10,000      |
| Mr. Katragadda Rajesh   | NIL                                                           | 25,000             | 25,000      |

Apart from the sitting fees, there were no other pecuniary relationships or transactions of the Non-Executive Independent Directors vis-a-vis the Company.

### 1. Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013

a) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.

### b) Managing Director and Executive Directors

| Name of the Director   | Relationship with other Directors                       | Business relationship with Viceroy, if any | Loans and advances from Viceroy | Remuneration | Paid During 2017-2018 (Amount in Rs.) |            |       |
|------------------------|---------------------------------------------------------|--------------------------------------------|---------------------------------|--------------|---------------------------------------|------------|-------|
|                        |                                                         |                                            |                                 | Sitting Fees | Salary                                | Commission | Total |
| Mr. P. Prabhakar Reddy | Related to Mrs.P.Kameswari and Mr. P. Chakradhar Reddy. | Promoter                                   | Nil                             | Nil          | Nil                                   | Nil        | Nil   |

The details with respect to criteria for making payments to non-executive directors are available on the company's website [www.viceroyhotels.in](http://www.viceroyhotels.in)

## Shareholding of all the Directors of the Company as on 31st March, 2018

| Name of the Director    | Designation                                   | Number of Shares held |
|-------------------------|-----------------------------------------------|-----------------------|
| Mr. P. Prabhakar Reddy  | Chairman and Managing Director                | 10,93,124             |
| Mr. P. Chakradhar Reddy | Non Executive Director                        | 27,89,351             |
| Mrs. P. Kameswari       | Non Executive Director                        | 19,75,643             |
| Mr. K. Narasimha Rao    | Non Executive Director - Independent Director | 20,575                |
| Mr. Devraj Govind Raj   | Non Executive Director - Independent Director | Nil                   |

## STAKEHOLDERS RELATIONSHIP COMMITTEE

### Terms of Reference:

The remit of the Stakeholders Relationship Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends, and such other grievances as may be raised by the security holders from time to time.

Meeting of the Committee was held during the year on 14.09.2017

### Composition of the Committee:

The Details of composition of the Committee and attendance of the members at the meetings are given below:

| Name                    | Designation | Category | No. of Meetings Attended |
|-------------------------|-------------|----------|--------------------------|
| Mr. P. Chakradhar Reddy | Chairman    | NED      | 1                        |
| Mr. K. NarasimhaRao     | Member      | NED (I)  | 1                        |

The Board has designated Ms. Sonam Jaiswal, Company Secretary as the Compliance Officer.

The Company has designated exclusive e-mail Ids called [secretarial@viceroypatel.in](mailto:secretarial@viceroypatel.in) and [secretarial.viceroy@gmail.com](mailto:secretarial.viceroy@gmail.com) for redressal of shareholders complaints / grievances.

### Terms of reference

The Committee focuses on shareholders' grievances and strengthening of investor relations. The committee looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors.

The Committee specifically looks into investor complaints like Transfer / transmission / transposition of shares, non receipt of Annual Report, non-receipt of dividend, and other related issues.

The Committee reviews the security transfers / transmissions, process of dematerializations and the investor grievances and the system dealing with these issues.

In accordance to Regulation under Securities and Exchange Board of India (Listing Obligation and Disclosure Regulations) 2015 with the stock exchanges, the Board has authorized the Compliance officer, to approve share transfers and/ transmissions and comply with other formalities in relation thereto. All the investors complaints, which cannot be settled at the level of the Compliance officer, will be placed before the committee for final settlement.

The committee while performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority, in order to expedite the process and for effective resolution of grievances / complaints, has delegated powers to the Share Transfer Agents i.e., M/s. Aarthi Consultants Private Limited to redress all complaints / grievances / enquiries of the shareholders / Investors. It redresses the grievances/complaints of shareholders / investors under the supervision of Compliance Officer of the Company.

The Committee, along with the Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting there conciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-a-vis the total issued and listed capital is being carried out by M/s. P. S. Rao & Associates, Practicing Company Secretaries. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31st March, 2018, 42405224 number of Equity Shares of Rs. 10 each representing 96.73% of the total No. of shares are in dematerialized form.

### **Complaints received and redressed by the Company during the financial year:**

During the year under review, No complaints were received from the shareholders. There were no pending complaints at the close of the financial year.

### **V. CODE OF CONDUCT**

The Company has adopted the Code of Conduct for Board of Directors and Senior Management Personnel of the Company. This Code is designed to help the Board of Directors and Senior Management in discharging their duties with due diligence and care. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The Code of Conduct is available at: (URL: [www.viceroyhotels.com/investors](http://www.viceroyhotels.com/investors)).

### **VI. WHISTLE BLOWER POLICY AND VIGIL MECHANISM**

In terms of Section 177(9) of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has in place of Whistle Blower Policy to provide Vigil Mechanism for all Directors, employees to report their genuine concerns about any wrongful conduct, unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. It also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. The details of vigil mechanism are also available on the Company's website [www.viceroyhotels.in](http://www.viceroyhotels.in)

There were no complaints received from any personnel and no personnel has been denied access to the Audit Committee

### **VII. SUBSIDIARIES**

#### **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

In terms of SEBI (LODR) Regulations, 2015, Company's Policy for Determining Material Subsidiaries and the same is available on the Company's website. The Policy can be accessed at (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in)).

### **VIII. RELATED PARTY TRANSACTIONS**

All transactions entered into with related parties as defined under the Companies Act, 2013 and SEBI (LODR) Regulations during the year were on an arm's length price basis and in the ordinary course of business. These have been approved by the Audit Committee.

Policy on Related Party Transactions and the same has been uploaded on the website of the Company and can be accessed at: (URL: [www.viceroyhotels.in](http://www.viceroyhotels.in)).

During the Financial Year 2017-18, the Company did not have any material pecuniary relationship or transactions with NEDs,

There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

### **IX. GENERAL BODY MEETINGS**

a) Details of location, date and time of Annual General Meetings held during the last three years:

| <b>Financial Year</b> | <b>Venue</b>                                                                          | <b>Date and Time</b>   |
|-----------------------|---------------------------------------------------------------------------------------|------------------------|
| 2016-2017             | Hotel Marriott Convention Centre, Hyderabad.                                          | 28-09-2017 at 11.00 AM |
| 2015-2016             | Sri Sathya Sai Nigamagmam, 8-3-987/2, Sri Nagar Colony, Hyderabad – 500073 Telangana. | 29-09-2016 at 11.00 AM |
| 2014-2015             | Hotel Marriott Convention Centre, Hyderabad.                                          | 29-09-2015 at 11.00 AM |

**[Special Resolutions passed in the previous 3 AGMS]**

- b) No Special Resolutions were passed in the previous Annual General Meetings held for the Financial Year 2015-16 and 2016-17. However, Company passed following Special Resolutions in its 50th and Annual General Meetings held for the Financial Year 2014-15 respectively.

| Date of Passing Special Resolutions | Resolution Number | Purpose of Resolution                                                                                                                          | Votes in Favour of Resolution |       | Votes Against the Resolution |       |
|-------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------|------------------------------|-------|
| 26-09-2014                          | 8                 | To Authorise Board of Directors to borrow monies under Section 180(1)(c) of the Companies Act, 2013.                                           | 10471976                      | 99.99 | 400                          | 0.004 |
|                                     | 9                 | To Authorise Board of Directors for Creating Charge/Mortgage on the Assets of the Company as per Section 180(1)(a) of the Companies Act, 2013. | 10472276                      | 99.99 | 100                          | 0.001 |
| 29-09-2015                          | 6                 | To increase the limits of investments in other bodies corporate                                                                                | 8927262                       | 100   | 0                            | 0     |

- c) The Company did not pass any special resolution through Postal Ballot.
- d) In terms of Companies Act, 2013 and SEBI (LODR) Regulations, your company provided e-voting facility to its shareholders to cast their votes electronically through the CDSL e-voting platform. The Company had appointed Ms. Vanitha, Scrutinizer for conducting e-voting and as well poll at Annual General Meeting. Ms. Vanitha, Scrutinizer submitted her combined report to the Chairman after completion of scrutiny and the results were then announced and sent to the Stock Exchanges and displayed on the Company's website. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

## X OTHER DISCLOSURES

- There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- The Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015.
- Managing Director and Chief Financial Officer (CFO) of the Company has furnished the requisite Certificate to the Board of Directors under Clause 49 of the Listing Agreement.

## XI. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in widely circulated Nationwide English newspaper and also in widely circulated vernacular newspaper within the prescribed time lines of Listing Agreement. The results are also displayed on the Company's web-site i.e. on [www.viceroyhotels.in](http://www.viceroyhotels.in).

## XII. GENERAL SHAREHOLDERS INFORMATION

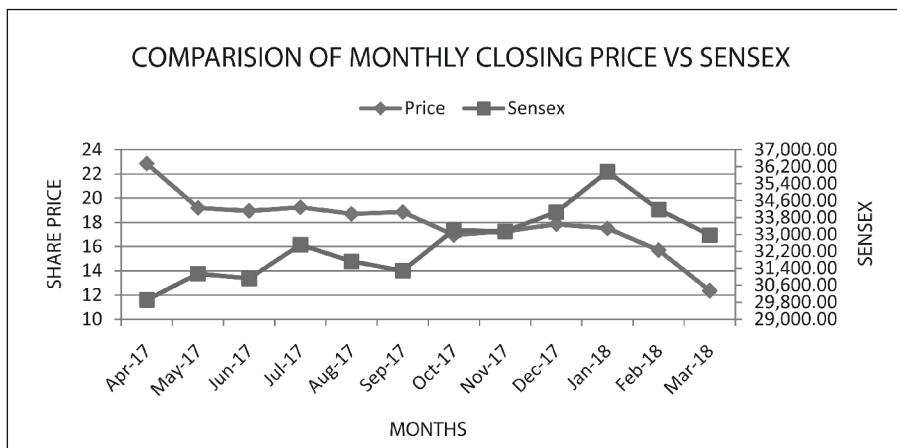
|   |                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Annual General Meeting                        | <b>53<sup>rd</sup> Annual General Meeting</b>                                                                                                                                                                                                                                                                                                                                                                                        |
|   | Date of Annual General Meeting                | September 24, 2018                                                                                                                                                                                                                                                                                                                                                                                                                   |
|   | Venue                                         | Hotel Marriott Convention Centre, Lower Tank Bund, Hyderabad- 500080, Telangana                                                                                                                                                                                                                                                                                                                                                      |
|   | Time                                          | 11.00 A.M                                                                                                                                                                                                                                                                                                                                                                                                                            |
| b | Book Closure Date                             | <b>Monday, September 17, 2017 to Monday, September 24, 2018</b><br>(inclusive of both days)                                                                                                                                                                                                                                                                                                                                          |
| c | Financial Year                                | April- March                                                                                                                                                                                                                                                                                                                                                                                                                         |
| d | Dividend Payment Date                         | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                       |
| e | Calendar for Declaration of Quarterly Results | The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Agreement. These results normally published by the Company in the Leading English News Papers line Financial Express/Business Standard and in one vernacular newspaper within specified time. The Copies of all quarterly results on website <a href="http://www.viceroyhotels.in">www.viceroyhotels.in</a> |
| f | Listing on Stock Exchanges                    | National Stock Exchange of India Limited (NSE) Exchange Plaza Bandra - Kurla Complex, Bandra (E) MUMBAI- 400 051<br>BSE Limited (BSE) PhirozeJeejeebhoy Towers Dalal Street, Fort MUMBAI- 400 001                                                                                                                                                                                                                                    |
| g | Stock ID/Code                                 | NSE: <b>VICEROY</b> ; BSE: <b>523796</b>                                                                                                                                                                                                                                                                                                                                                                                             |
| h | ISIN                                          | <b>EQUITY : INE048C01017 (listed on BSE &amp; NSE)</b><br><b>DEBENTURES: INE984T07014 (listed on BSE)</b>                                                                                                                                                                                                                                                                                                                            |
| i | Listing Fee for FY 2017-18                    | <b>Paid</b>                                                                                                                                                                                                                                                                                                                                                                                                                          |

### Stock Price Information

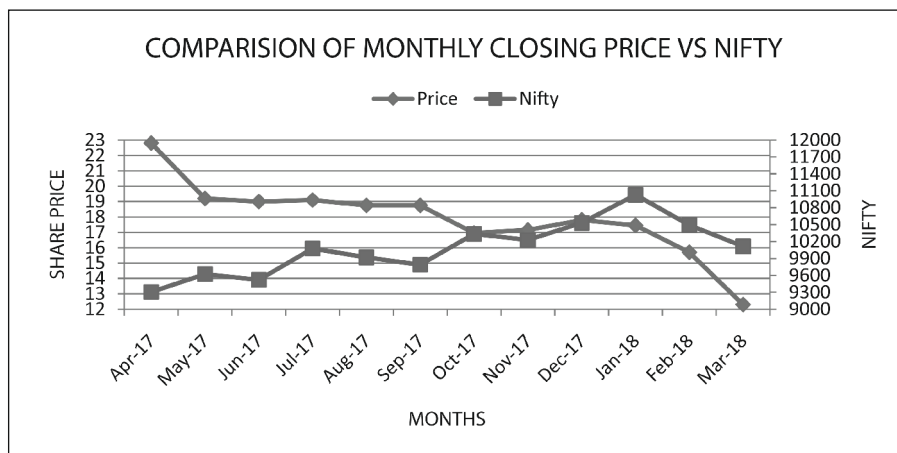
#### j) Stock Price Data:

| MONTH           | BSE   |       |               | NSE   |       |               |
|-----------------|-------|-------|---------------|-------|-------|---------------|
|                 | High  | Low   | No. of Shares | High  | Low   | No. of Shares |
| April, 2017     | 24.80 | 20.85 | 13,42,843     | 23.20 | 22.55 | 75,968        |
| May, 2017       | 24.00 | 18.95 | 9,30,778      | 19.75 | 18.9  | 120475        |
| June, 2017      | 20.75 | 18.40 | 5,10,377      | 19.35 | 18.9  | 56147         |
| July, 2017      | 21.20 | 18.70 | 7,61,124      | 19.5  | 19.1  | 125006        |
| August, 2017    | 20.55 | 15.55 | 8,00,977      | 19.1  | 18.4  | 75045         |
| September, 2017 | 24.30 | 18.00 | 41,72,816     | 19.4  | 18.6  | 167869        |
| October, 2017   | 21.20 | 16.70 | 18,05,008     | 17.1  | 16.7  | 131703        |
| November, 2017  | 18.50 | 15.80 | 27,90,419     | 17.9  | 16.55 | 347419        |
| December, 2017  | 18.85 | 16.40 | 14,40,099     | 18.05 | 17.7  | 204572        |
| January, 2018   | 21.80 | 17.35 | 39,61,305     | 18.15 | 17.35 | 361234        |
| February, 2018  | 18.50 | 14.80 | 11,75,037     | 15.8  | 15.45 | 86482         |
| March, 2018     | 16.60 | 12.30 | 11,74,850     | 13.2  | 12.2  | 316256        |

## BSE



## NSE



### k) Share Transfer System:

Share transfer requests, which are received in physical form, are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

For all the activities pertaining to the share transactions (both physical and demat) i.e. Share transfers, share certificates, dividends etc., shareholders should communicate with M/s. Aarthi Consultants Private Limited as the Registrar and Transfer Agents,

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

Share transactions in electronic form can be effected in a much simpler and faster manner. After a confirmation of a sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for a separate communication to the Company to register the share transfer.

**l) Registrar & Share Transfer Agents (for both physical and demat mode):**
**Aarthi Consultants Private Limited**

1-2-285, Domalaguda, Hyderabad- 500029

Phones: 040-27638111, 040-66611921;

Fax: 040-27632184

Email: info@aarthiconsultants.com;

Website: www.aarthiconsultants.com

**m) Shareholding Pattern as on March 31, 2018:**

| Category                       | No. of Shares      | Percentage |
|--------------------------------|--------------------|------------|
| Promoters                      | 9671951            | 22.81      |
| Financial Institutions / Banks | 340063             | 0.8        |
| Bodies Corporate – Indian      | 6380983            | 15.05      |
| Bodies Corporate – Foreign     | 3000               | 0.01       |
| NRIs                           | 434447             | 1.02       |
| Mutual Funds                   | NIL                | NII        |
| Indian Public                  | 23861131           | 56.27      |
| Trusts                         | 203                | 0.01       |
| Clearing Members               | 1712696            | 4.04       |
| Others                         | 0                  | 0          |
| <b>Total</b>                   | <b>4,24,05,224</b> | <b>100</b> |

**n) Distribution of Shareholding as on March 31, 2018:**

| Sl. No | CATEGORY       | HOLDERS      | HOLDERS PERCENT AGE | SHARES          | AMOUNT           | AMOUNT PERCENT AGE |
|--------|----------------|--------------|---------------------|-----------------|------------------|--------------------|
| 1      | 1 - 5000       | 21589        | 76.4                | 3474665         | 34746650         | 8.19               |
| 2      | 5001 - 10000   | 3069         | 10.86               | 2694140         | 26941400         | 6.35               |
| 3      | 10001 - 20000  | 1547         | 5.47                | 2484519         | 24845190         | 5.86               |
| 4      | 20001 - 30000  | 631          | 2.23                | 1652138         | 16521380         | 3.9                |
| 5      | 30001 - 40000  | 252          | 0.89                | 919645          | 9196450          | 2.17               |
| 6      | 40001 - 50000  | 331          | 1.17                | 1599533         | 15995330         | 3.77               |
| 7      | 50001 - 100000 | 457          | 1.62                | 3496883         | 34968830         | 8.25               |
| 8      | 100001 & Above | 381          | 1.35                | 26083701        | 260837010        | 61.51              |
|        | <b>Total:</b>  | <b>28257</b> | <b>100</b>          | <b>42405224</b> | <b>424052240</b> | <b>100</b>         |

**o) Dematerialization of Shares:**

The Company's Equity Shares are held in dematerialized form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN INE048C01017. As on March 31, 2018, 96.73% of the totals shares of the Company have been dematerialized.

**p) Outstanding: GDR/ADR/Warrants/Options/any convertible instruments:**

As on March 31, 2018 the Company has no outstanding GDR /ADR/Warrants/ Options/any other convertible instruments.

**q) Location of Hotels, Restaurants and Projects under execution:**

**Hotels:**

- 1) Hotel Marriott at Lower Tank Bund Road, Hyderabad
- 2) Hotel Courtyard at Lower Tank Bund Road, Hyderabad

**Restaurants:**

- 1) Eat Street & Water Front Restaurants at Necklace Road, Hyderabad
- 2) Minerva Coffee Shops at Hyderabad and Vijayawada
- 3) Bluefox Bar & Restaurants at Hyderabad and Vijayawada

**r) Address for Investors Correspondence:**

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Company's Registrar and Share Transfer Agents and/or to the Company at the following address:

|                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>Registrar and Share Transfer Agents (RTA):</u></b><br/> M/s. Aarthi Consultants Private Limited<br/> 1-2-285, Domalaguda, Hyderabad- 500029<br/> Tel: 040-27638111, 040-66611921;<br/> Fax: 040-27632184<br/> Email: info@aarthiconsultants.com<br/> Website: www.aarthiconsultants.com</p> | <p><b><u>Company:</u></b><br/> M/s. Viceroy Hotels Limited<br/> #Plot No.20, Sector-I, Survey No.64, HUDA Techno Enclave,<br/> Madhapur, Hyderabad – 500 081, Telangana.<br/> Tel : +91 40 - 40349999/23119695 Fax : +91 40 - 40349828<br/> Email: secretarial@viceroyhotels.in / secretarial.viceroy@gmail.com<br/> companysecretary@viceroyhotels.in Website: www.viceroyhotels.in</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Registration of e-mail Id for servicing of documents by the Company under the Companies Act, 2013:**

Members holding shares in dematerialized form are requested to provide/refresh/update their email address with their respective Depository Participants (DPs) and members holding shares in physical form and who are desirous of receiving the Annual Reports / communication / documents in electronic form are requested to provide their email address to gogreen\_phl@aarthiconsultants.com or send requests along with your folio no. to our RTA at above mentioned address.

**s) Declaration pertaining compliance with Code of Conduct of Board of Directors and Senior Management:**

As required under SEBI (LODR) Regulations, 2015 the Managing Director has given appropriate Certification to the Board of Directors

**t) Compliance Certificate of the Auditors:**

The Statutory Auditor has certified that the Company has complied with the conditions of the Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015 and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

## DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To

**The Members of Viceroy Hotels Limited,**

The Company has a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company in terms of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to further strengthen corporate governance practices of the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no noncompliance thereof during the year ended 31st March, 2018.

Place: Hyderabad

Date: 13th August, 2018

**For Viceroy Hotels Limited**

Sd/-

**P. Prabhakar Reddy**  
Chairman and Managing Director

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## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

**The Members of**

**Viceroy Hotels Limited**

1. We have examined the compliance of conditions of Corporate Governance by **M/s Viceroy Hotels Limited** ("the Company"), for the year ended on March 31, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. P C N & Associates**  
Chartered Accountants  
FRN: 016016S

Place: Hyderabad

Date: 30/05/2018.

Sd/-

**Lakshmi Prasanthi.S**  
Partner  
Membership No. 236578

## Annexure – V

# NOMINATION AND REMUNERATION POLICY

### 1. Introduction

Viceroy Hotels Limited (VHL), believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance.

Towards this, VHL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. VHL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. VHL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

VHL also recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

### 2. Scope :

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company and also for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

### 3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1 **“Director”** means a director appointed to the Board of a Company.
- 3.2 **“Nomination and Remuneration Committee”** means the committee constituted by VHL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.
- 3.3 **“Independent Director”** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.
- 3.4 **“Key Managerial Personnel” means**
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the company secretary;
  - (iii) the whole-time director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the Companies Act, 2013

### 4. Selection of Directors and determining Directors' independence

#### 4.1 Qualifications and criteria

- 4.1.1 The Nomination and Remuneration (NR) Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's global operations.
- 4.1.2 In evaluating the suitability of individual Board members, the NR Committee may take into account factors, such as:
  - General understanding of the Company's business dynamics, global business and social perspective;
  - Educational and professional background Standing in the profession;
  - Personal and professional ethics, integrity and values;
  - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

4.1.4 The NR Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The NR Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 and Clause 49 of the Equity Listing Agreement, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—  
(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;  
(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—  
(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or  
(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;  
(iii) holds together with his relatives two per cent or more of the total voting power of the company; or  
(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or  
(v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.

- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.
- 4.2.3 The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Companies Act, 2013.
- 4.3 Other directorships / committee memberships
- 4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NR Committee shall take into account the nature of, and the time involved in a Director’s service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.3.2A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.
- 4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.
- 4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders’ Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

## **5. Remuneration to Executive Directors and Key Managerial Personnel Non-Executive Directors and other employees**

- 5.1.1 The Board, on the recommendation of the Nomination and Remuneration (NR) Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
- 5.1.2 The Board, on the recommendation of the NR Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- 5.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:
  - (i) Basic Pay
  - (ii) Perquisites and Allowances
  - (iv) Commission (Applicable in case of Executive Directors)
  - (v) Retiral benefits
  - (vi) Annual Performance Bonus
- 5.1.4 The Annual Plan and Objectives for Executive Directors and Senior Executives shall be reviewed by the NR Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

## **5.2 Remuneration to Non-Executive Directors**

- 5.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.
- 5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

## **5.3 Remuneration to other employees**

- 5.3.1 Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

## **Annexure – VI**

### **FORM NO. MGT-9**

#### **EXTRACT OF ANNUAL RETURN**

(As on the Financial Year ended 31-03-2018)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### **I. REGISTRATION AND OTHER DETAILS:**

|     |                                                                        |                                                                                                                                                                                                                                                                                                                       |
|-----|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i   | CIN                                                                    | L55101TG1965PLC001048                                                                                                                                                                                                                                                                                                 |
| ii  | Registration Date                                                      | 25-02-1965                                                                                                                                                                                                                                                                                                            |
| iii | Name of the Company                                                    | VICEROY HOTELS LIMITED                                                                                                                                                                                                                                                                                                |
| iv  | Category / Sub-Category of the Company                                 | Company Limited by Shares                                                                                                                                                                                                                                                                                             |
| v   | Address of the Registered office                                       | #Plot No.20, Sector-I, Survey No.64, 4th Floor, HUDA Techno Enclave Madhapur, Hyderabad – 500 081, Telangana.                                                                                                                                                                                                         |
|     | Contact Details :                                                      | Tel : + 91 40 2311 9695 / 40349999<br>Fax : + 91 40 40349828<br>Email : <a href="mailto:secretarial@viceroyhotels.in">secretarial@viceroyhotels.in</a> / <a href="mailto:secretarial.viceroy@gmail.com">secretarial.viceroy@gmail.com</a><br>Website : <a href="http://www.viceroyhotels.in">www.viceroyhotels.in</a> |
| vi  | Whether listed company                                                 | Yes                                                                                                                                                                                                                                                                                                                   |
| vii | Name, Address & Contact details of Registrar & Transfer Agent, if any. | Aarathi Consultants Private Limited<br>1-2-285, Domalguda, Hyderabad – 500029 Telangana.<br>Tel : 040 - 27638111/2734445<br>Fax : 040 - 27632184 E-mail: <a href="mailto:info@aarathiconsultants.com">info@aarathiconsultants.com</a>                                                                                 |

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| S No | Name and Description of main products /service | NIC Code of the Product/service | % to total turnover of the company |
|------|------------------------------------------------|---------------------------------|------------------------------------|
| 1    | Business of Hoteliers                          | 5510 & 55201                    | 100%                               |

#### **III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

| S No | Name and Address of the Company                                                                                                                                       | CIN                   | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section of Companies Act, 2013 |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------|------------------|-------------------------------------------|
| 1    | <b>Crustum Products Private Limited</b><br>#Plot No.20, Sector-I, Survey No.64, 4th Floor, HUDA Techno Enclave, Madhapur, Hyderabad – 500 081, Telangana              | U15410TG2005PTC046115 | Subsidiary                     | 100              | 2(87)                                     |
| 2    | <b>Café D'lake Private Limited</b><br>T.S. No.5, Block B, Ward No.80, Buddha Purnima Lakefront, Opp. Lake Police Station, Necklace Road, Hyderabad- 500005, Telangana | U55101TG2003PTC040419 | Subsidiary                     | 100              | 2(87)                                     |

|    |                                                                                                                                                                         |                       |            |     |       |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------|-----|-------|
| 3  | <b>Minerva Hospitalities Private Limited</b><br>Plot No.258, Road No.18, Jubilee Hills,<br>Hyderabad-500033, Telangana                                                  | U55101TG2002PTC039768 | Subsidiary | 100 | 2(87) |
| 4  | <b>Viceroy Chennai Hotels &amp; Resorts Private Limited</b><br>Plot No.258, Road No.18, Jubilee Hills,<br>Hyderabad – 500033, Telangana                                 | U55101TG2010PTC068776 | Subsidiary | 100 | 2(87) |
| 5. | <b>Banjara Hospitalities Private Limited</b><br>#Plot No.20, Sector-I, Survey No.64,<br>4th Floor, HUDA Techno Enclave,<br>Madhapur, Hyderabad – 500 081,<br>Telangana. | U74900TG2015PTC101458 | Subsidiary | 100 | 2(87) |

#### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

| Category of Shareholders                                            | No. of Shares held at the beginning of the year |               |                 |                   | No. of Shares held at the end of the year |               |                |                   | % Change during the year |
|---------------------------------------------------------------------|-------------------------------------------------|---------------|-----------------|-------------------|-------------------------------------------|---------------|----------------|-------------------|--------------------------|
|                                                                     | Demat                                           | Physical      | Total           | % of Total Shares | Demat                                     | Physical      | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>                                                 |                                                 |               |                 |                   |                                           |               |                |                   |                          |
| <b>(1) INDIAN</b>                                                   |                                                 |               |                 |                   |                                           |               |                |                   |                          |
| a) Individual/HUF                                                   | 8040728                                         | 700000        | 8740728         | 20.61             | 6140728                                   | 700000        | 6840728        | 16.13             | (4.48)                   |
| b) Central Govt                                                     | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| c) State Govt (s)                                                   | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| d) Bodies Corp.                                                     | 1447823                                         | 0             | 1447823         | 3.41              | 2831223                                   | 0             | 2831223        | 6.68              | 3.27                     |
| e) Banks / FI                                                       | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| f) Any Other....                                                    | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| <b>Sub-total (A) (1):-</b>                                          | <b>9488551</b>                                  | <b>700000</b> | <b>10188551</b> | <b>24.03</b>      | <b>8971951</b>                            | <b>700000</b> | <b>9671951</b> | <b>22.81</b>      | <b>(1.22)</b>            |
| <b>(2) FOREIGN</b>                                                  |                                                 |               |                 |                   |                                           |               |                |                   |                          |
| g) NRIs - Individuals                                               | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| h) Other – Individuals                                              | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| i) Bodies Corp.                                                     | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| j) Banks / FI                                                       | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| k) Any Other....                                                    | 0                                               | 0             | 0               | 0                 | 0                                         | 0             | 0              | 0                 | NA                       |
| <b>Sub-total (A) (2):-</b>                                          | <b>0</b>                                        | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>                                  | <b>0</b>      | <b>0</b>       | <b>0</b>          | <b>NA</b>                |
| <b>Total shareholding of Promoter (A)</b><br><b>= (A)(1)+(A)(2)</b> | <b>9488551</b>                                  | <b>700000</b> | <b>10188551</b> | <b>24.02</b>      | <b>8971951</b>                            | <b>700000</b> | <b>9671951</b> | <b>22.81</b>      | <b>(1.22)</b>            |

| Category of Shareholders                                                         | No. of Shares held at the beginning of the year |                |                 |                   | No. of Shares held at the end of the year |                |                 |                   | % Change during the year |
|----------------------------------------------------------------------------------|-------------------------------------------------|----------------|-----------------|-------------------|-------------------------------------------|----------------|-----------------|-------------------|--------------------------|
|                                                                                  | Demat                                           | Physical       | Total           | % of Total Shares | Demat                                     | Physical       | Total           | % of Total Shares |                          |
| <b>B. Public Shareholding</b>                                                    |                                                 |                |                 |                   |                                           |                |                 |                   |                          |
| <b>1. Institutions</b>                                                           |                                                 |                |                 |                   |                                           |                |                 |                   |                          |
| a) Mutual Funds                                                                  | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| b) Banks / FI                                                                    | 404593                                          | 10100          | 414693          | 0.98              | 329963                                    | 10100          | 340063          | 0.8               | (0.18)                   |
| c) Central Govt                                                                  | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| d) State Govt(s)                                                                 | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| e) Venture Capital Funds                                                         | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| f) Insurance Companies                                                           | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| g) FIs                                                                           | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| h) Foreign Venture Capital Funds                                                 | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| i) Others (specify)                                                              | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| <b>Sub-total (B)(1):-</b>                                                        | <b>404593</b>                                   | <b>10100</b>   | <b>414693</b>   | <b>0.98</b>       | <b>329963</b>                             | <b>10100</b>   | <b>340063</b>   | <b>0.8</b>        | <b>(0.18)</b>            |
| <b>2. Non-Institutions</b>                                                       |                                                 |                |                 |                   |                                           |                |                 |                   |                          |
| a) Bodies Corp.                                                                  |                                                 |                |                 |                   |                                           |                |                 |                   |                          |
| i) Indian                                                                        | 6599554                                         | 25150          | 6624704         | 15.62             | 6380983                                   | 0              | 6380983         | 15.05             | (0.57)                   |
| ii) Overseas                                                                     | 3000                                            | 0              | 3000            | 0.01              | 3000                                      | 0              | 3000            | 0.01              | (0.00)                   |
| b) Individuals                                                                   |                                                 |                |                 |                   |                                           |                |                 |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 2 lakh         | 11868734                                        | 656262         | 12524996        | 29.54             | 16668247                                  | 649762         | 17318009        | 40.84             | 11.30                    |
| ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 11651006                                        | 0              | 11651006        | 27.48             | 6543122                                   | 0              | 6543122         | 15.43             | (12.05)                  |
| c) Others (specify)                                                              | <b>2750</b>                                     | <b>0</b>       | <b>2750</b>     | <b>0.01</b>       | <b>0</b>                                  | <b>0</b>       | <b>0</b>        | <b>0</b>          | <b>(0.01)</b>            |
| Non Resident Indians                                                             | 280047                                          | 0              | 280047          | 0.66              | 434447                                    | 0              | 434447          | 1.02              | 0.36                     |
| Trusts                                                                           | 103                                             | 0              | 103             | 0.00              | 203                                       | 0              | 203             | 0.00              | 0                        |
| Clearing Members                                                                 | 715374                                          | 0              | 715374          | 1.69              | 1712696                                   | 0              | 1712696         | 4.40              | 2.71                     |
| <b>Sub-total (B)(2):-</b>                                                        | <b>31120568</b>                                 | <b>681412</b>  | <b>31801980</b> | <b>75</b>         | <b>31743448</b>                           | <b>649762</b>  | <b>32393210</b> | <b>76.39</b>      | <b>1.39</b>              |
| Total Public Shareholding<br><b>(B)=(B)(1)+ (B)(2)</b>                           | <b>31525161</b>                                 | <b>691512</b>  | <b>32216673</b> | <b>75.97</b>      | <b>32073411</b>                           | <b>659862</b>  | <b>32733273</b> | <b>77.19</b>      | <b>1.22</b>              |
| C. Shares held by Custodian for GDRs & ADRs                                      | 0                                               | 0              | 0               | 0                 | 0                                         | 0              | 0               | 0                 | NA                       |
| <b>Grand Total (A+B+C)</b>                                                       | <b>41013712</b>                                 | <b>1391512</b> | <b>42405224</b> | <b>100</b>        | <b>41045362</b>                           | <b>1359862</b> | <b>42405224</b> | <b>100</b>        | <b>0.00</b>              |

**(ii) Shareholding of Promoters**

| S No. | Shareholder's Name              | Shareholding at the beginning of the year |                                  |                                                  | Share holding at the end of the year |                                  |                                                  |                                           |
|-------|---------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|--------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------|
|       |                                 | No. of Shares                             | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in share holding during the year |
| 1     | P Chakradhar Reddy              | 40,39,351                                 | 9.5                              | 66.23                                            | 27,89,351                            | 6.58                             | 95.91                                            | 29.68                                     |
| 2     | P Kameswari                     | 19,75,643                                 | 4.66                             | 58.26                                            | 19,75,643                            | 4.66                             | 58.26                                            | 0.00                                      |
| 3     | P Prabhakar Reddy               | 17,43,124                                 | 4.11                             | 87.20                                            | 10,93,124                            | 2.58                             | 88.74                                            | 1.54                                      |
| 4     | P H Financial Services Ltd      | 5,35,216                                  | 1.26                             | 97.12                                            | 19,18,616                            | 4.52                             | 100                                              | 2.88                                      |
| 5     | Allampati Vijayvardhan Reddy    | 5,00,000                                  | 1.18                             | 0.00                                             | 5,00,000                             | 1.18                             | 0.00                                             | 0.00                                      |
| 6     | Minerva Enterprises Pvt Ltd     | 2,81,413                                  | 0.66                             | 71.07                                            | 2,81,413                             | 0.66                             | 71.07                                            | 0.00                                      |
| 7     | Tetra Heights Power Systems Ltd | 2,98,180                                  | 0.70                             | 0.00                                             | 2,98,180                             | 0.70                             | 0.00                                             | 0.00                                      |
| 8     | Parvathreddy Investment Pvt Ltd | 2,46,000                                  | 0.58                             | 46.75                                            | 2,46,000                             | 0.58                             | 46.75                                            | 0.00                                      |
| 9     | Parvathreddy Viswanath Reddy    | 1,32,600                                  | 0.31                             | 0.00                                             | 1,32,600                             | 0.31                             | 0                                                | 0.00                                      |
| 10    | Parvathreddy Haricharan Reddy   | 1,13,300                                  | 0.27                             | 0.00                                             | 1,13,300                             | 0.27                             | 0.00                                             | 0.00                                      |
| 11    | P H Infotech Pvt Ltd            | 60,254                                    | 0.14                             | 0.00                                             | 60,254                               | 0.14                             | 0.00                                             | 0.00                                      |
| 12    | Nirmala Kondalapudi             | 60,000                                    | 0.14                             | 0.00                                             | 60,000                               | 0.14                             | 0.00                                             | 0.00                                      |
| 13    | Veera Reddy Kondalapudi         | 60,000                                    | 0.14                             | 0.00                                             | 60,000                               | 0.14                             | 0.00                                             | 0.00                                      |
| 14    | P Divya Reddy                   | 52,550                                    | 0.12                             | 0.00                                             | 52,550                               | 0.12                             | 0.00                                             | 0.00                                      |
| 15    | Vidya Reddy P                   | 21,660                                    | 0.05                             | 0.00                                             | 21,660                               | 0.05                             | 0.00                                             | 0.00                                      |
| 16    | Parvathreddy Saraswathamma      | 42,500                                    | 0.10                             | 0.00                                             | 42,500                               | 0.10                             | 0.00                                             | 0.00                                      |
| 17    | Parvath Investments Pvt Ltd     | 26,760                                    | 0.06                             | 9.34                                             | 26,760                               | 0.06                             | 9.34                                             | 0.00                                      |
|       | <b>Total</b>                    | <b>1,01,88,551</b>                        | <b>24.03</b>                     | <b>60.2</b>                                      | <b>96,71,951</b>                     | <b>22.81</b>                     | <b>72.71</b>                                     | <b>12.51</b>                              |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S No. | Name                             | Shareholding                         |                       |                |                                         | Reason                       | Cumulative Shareholding during the year (01-04-17 to 31-03-18) |                                  |
|-------|----------------------------------|--------------------------------------|-----------------------|----------------|-----------------------------------------|------------------------------|----------------------------------------------------------------|----------------------------------|
|       |                                  | No. of Shares at the beginning and % | Increase/ (Decrease)  | Date of change | No. of Shares at the ending of FY and % |                              | No. of Shares                                                  | % of total shares of the Company |
| 1     | P Chakradhar Reddy               | 40,39,351<br>(9.50)                  | (12,50,000)<br>(2.92) | NA<br>NA       | 27,89,351<br>(6.58)                     | Transfer                     | 27,89,351                                                      | 6.58                             |
| 2     | P Kameswari                      | 19,75,643<br>(4.66)                  | 0                     | NA             | 19,75,643<br>(4.66)                     | Nil Movement during the year | 19,75,643                                                      | 4.66                             |
| 3     | P Prabhakar Reddy                | 17,43,124<br>(4.11)                  | (6,50,000)<br>(1.53)  | NA             | 10,93,124<br>(2.58)                     | Transfer                     | 10,93,124                                                      | 2.58                             |
| 4     | P H Financial Services Ltd       | 5,35,216<br>(1.26)                   | 13,83,400<br>3.26     | NA             | 19,18,616<br>(4.52)                     | Buy                          | 19,18,616                                                      | 4.52                             |
| 5     | Allampati Vijay Vardhaman Reddy  | 5,00,000<br>(1.18)                   | 0                     | NA             | 5,00,000<br>(1.18)                      | Nil Movement during the year | 5,00,000                                                       | 1.18                             |
| 6     | Minerva Enterprises Pvt Ltd      | 2,81,413<br>(0.66)                   | 0                     | NA             | 2,81,413<br>(0.66)                      | Nil Movement during the year | 2,81,413                                                       | 0.66                             |
| 7     | Tetra Heights Power Systems Ltd  | 2,98,180<br>(0.70)                   | 0                     | NA             | 2,98,180<br>(0.70)                      | Nil Movement during the year | 2,98,180                                                       | 0.70                             |
| 8     | Parvathreddy Investments Pvt Ltd | 2,46,000<br>(0.58)                   | 0                     | NA             | 2,46,000<br>(0.58)                      | Nil Movement during the year | 2,46,000                                                       | 0.58                             |
| 9     | Parvathreddy Viswanath Reddy     | 1,32,600<br>(0.31)                   | 0                     | NA             | 1,32,600<br>(0.31)                      | Nil Movement during the year | 1,32,600                                                       | 0.31                             |
| 10    | Parvathreddy Haricharan Reddy    | 1,13,300<br>(0.27)                   | 0                     | NA             | 1,13,300<br>(0.27)                      | Nil Movement during the year | 1,13,300                                                       | 0.27                             |
| 11    | P H Infotech Pvt Ltd             | 60,254<br>(0.14)                     | 0                     | NA             | 60,254<br>(0.14)                        | Nil Movement during the year | 60,254                                                         | 0.14                             |
| 12    | Nirmala Kondalapudi              | 60,000<br>(0.14)                     | 0                     | NA             | 60,000<br>(0.14)                        | Nil Movement during the year | 60,000                                                         | 0.14                             |
| 13    | Veera Reddy Kondalapudi          | 60,000<br>(0.14)                     | 0                     | NA             | 60,000<br>(0.14)                        | Nil Movement during the year | 60,000                                                         | 0.14                             |
| 14    | P Divya Reddy                    | 52,550<br>(0.12)                     | 0                     | NA             | 52,550<br>(0.12)                        | Nil Movement during the year | 52,550                                                         | 0.12                             |
| 15    | Vidya Reddy P                    | 21,660<br>(0.05)                     | 0                     | NA             | 21,660<br>(0.05)                        | Nil Movement during the year | 21,660                                                         | 0.05                             |
| 16    | Parvathreddy Saraswathamma       | 42,500<br>(0.10)                     | 0                     | NA             | 42,500<br>(0.10)                        | Nil Movement during the year | 42,500                                                         | 0.10                             |
| 17    | Parvath Investments Pvt Ltd      | 26,760<br>(0.06)                     | 0                     | NA             | 26,760<br>(0.06)                        | Transfer                     | 26,760                                                         | 0.06                             |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| S No. | Name                                          | Shareholding                         |                      |                |                                         | Reason                       | Cumulative Shareholding during the year (01-04-17 to 31-03-18) |                                  |
|-------|-----------------------------------------------|--------------------------------------|----------------------|----------------|-----------------------------------------|------------------------------|----------------------------------------------------------------|----------------------------------|
|       |                                               | No. of Shares at the beginning and % | Increase/ (Decrease) | Date of change | No. of Shares at the ending of FY and % |                              | No. of Shares                                                  | % of total shares of the Company |
| 1     | Crest Logistics And Engineers Private Limited | 25,00,000 (5.90)                     | 0                    | NA             | 25,00,000 (5.90)                        | Nil Movement during the year | 25,00,000                                                      | 5.90                             |
| 2     | Surana Telecom and Power Limited              | 4,60,000 (1.08)                      | (0.01)               | NA             | 4,51,807 (1.07)                         | Sold                         | 4,51,807                                                       | 1.07                             |
| 3     | Jainam Share Consultants Private Limited      | 3,802 (0.0)                          | 1.60                 | -              | 6,78,495 (1.60)                         | Buy                          | 6,78,495                                                       | 1.60                             |
| 4.    | DhirenSushil Roy                              | 1,81,463 (0.42)                      | 0.59                 | -              | 4,29,601 (1.01)                         | Buy                          | 4,29,601                                                       | 1.01                             |
| 5     | Bhushan Dinesh Mehta (HUF)                    | 1,26,000 (0.3)                       | 0.29                 | -              | 2,52,000 (0.59)                         | Buy                          | 2,52,000                                                       | 0.59                             |
| 6     | Utpal H Sheth                                 | 2,50,000 (0.58)                      | 0                    | NA             | 2,50,000 (0.58)                         | Nil Movement during the year | 2,50,000                                                       | 0.58                             |
| 7     | ICPA Health Products Limited                  | 2,50,000 (0.58)                      | 0                    | NA             | 2,50,000 (0.58)                         | Nil Movement during the year | 2,50,000                                                       | 0.58                             |
| 8     | Axis Bank Limited                             | 2,52,222 (0.59)                      | (0.05)               | NA             | 2,28,994 (0.54)                         | Buy                          | 2,28,994                                                       | 0.54                             |
| 9     | IL and FS Securities Services Limited         | 93,792 (0.22)                        | 0.27                 | NA             | 2,14,682 (0.5)                          | Buy                          | 2,14,682                                                       | 0.5                              |

**(v) Shareholding of Directors and Key Managerial Personnel:**

**A. DIRECTORS**

| S No. | Name                                   | Shareholding                         |                      |                |                                         | Reason                       | Cumulative Shareholding during the year (01-04-17 to 31-03-18) |                                  |
|-------|----------------------------------------|--------------------------------------|----------------------|----------------|-----------------------------------------|------------------------------|----------------------------------------------------------------|----------------------------------|
|       |                                        | No. of Shares at the beginning and % | Increase/ (Decrease) | Date of change | No. of Shares at the ending of FY and % |                              | No. of Shares                                                  | % of total shares of the Company |
| 1     | P. Prabhakar Reddy (Managing Director) | 17,43,124 (4.11)                     | (6,50,000)           | NA             | 10,93,124 (2.58)                        | Nil Movement during the year | 10,93,124                                                      | 2.58                             |
| 2     | P. Kameswari (Director)                | 19,75,643 (4.66%)                    | 0                    | NA             | 19,75,643 (4.66)                        | Nil Movement during the year | 19,75,643                                                      | 4.66                             |
| 3     | P. Chakradhar Reddy (Director)         | 40,39,351 (9.53)                     | (12,50,000)          | -              | 27,89,351 (6.58)                        | Transfer                     | 27,89,351                                                      | 6.58                             |
| 4     | K. Narasimha Rao (Director)            | 86,977 (0.20)                        | (0.15)               | -              | 20,575 (0.05)                           | Sell                         | 20,575                                                         | 0.05                             |
| 5     | Katragada Rajesh                       | 0                                    | NA                   | NA             | 0                                       | NA                           | 0                                                              | 0.00                             |
| 6.    | DevrajGovindraj                        | 0                                    | NA                   | NA             | 0                                       | NA                           | 0                                                              | 0.00                             |

**B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTd)**

|   |                                               |   |    |    |   |    |   |      |
|---|-----------------------------------------------|---|----|----|---|----|---|------|
| 1 | Sonam Jaiswal (Chief Executive Officer)       | 0 | NA | NA | 0 | NA | 0 | 0.00 |
| 2 | M. Sreedhar Singh                             | 0 | -  | NA | 0 | NA | 0 | 0.00 |
| 3 | Daswanth Kumar Jaya (Chief Financial Officer) | 0 | NA | NA | 0 | NA | 0 | 0.00 |

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

**Loans & Debentures position as on 31.03.2018**

**(Rs. in Crores)**

| Particulars                                                | Secured Loans Excluding deposits | Unsecured Loans | Deposits    | Total Indebtedness |
|------------------------------------------------------------|----------------------------------|-----------------|-------------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |             |                    |
| i) Principal Amount                                        | 230.63                           | 0.00            | 0.00        | 230.63             |
| ii) Interest due but not paid                              | 197.52                           | 0.00            | 0.00        | 197.52             |
| iii) Interest accrued but not due                          | 0.38                             | 0.00            | 0.00        | 0.38               |
| <b>Total (i+ii+iii)</b>                                    | <b>428.53</b>                    | <b>0.00</b>     | <b>0.00</b> | <b>428.53</b>      |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |             |                    |
| • Addition                                                 | 0                                | 0               | 0           | 0                  |
| • Reduction                                                | 34.72                            | 0               | 0           | 34.72              |
| <b>Net Change</b>                                          | <b>34.72</b>                     | <b>0</b>        | <b>0</b>    | <b>34.72</b>       |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |             |                    |
| i) Principal Amount                                        | 216.67                           | 0.00            | 0.00        | 216.67             |
| ii) Interest due but not paid                              | 177.14                           | 0.00            | 0.00        | 177.14             |
| iii) Interest accrued but not due                          | 0                                | 0.00            | 0.00        | 0                  |
| <b>Total (i+ii+iii) **</b>                                 | <b>393.81</b>                    | <b>0.00</b>     | <b>0.00</b> | <b>393.81</b>      |

**\*\* includes an amount of Rs.42.50 Crores pertaining Non-Convertible Debentures.**

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rupees)

| Sl. No. | Particulars of Remuneration                                                         | Name of MD                   | Total Amount |
|---------|-------------------------------------------------------------------------------------|------------------------------|--------------|
|         |                                                                                     | Parvathreddy Prabhakar Reddy |              |
| 1.      | Gross salary                                                                        |                              |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil                          | 0            |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | NA                           | 0            |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | NA                           | 0            |
| 2.      | Stock Option                                                                        | NA                           | 0            |
| 3.      | Sweat Equity                                                                        | NA                           | 0            |
| 4.      | Commission                                                                          |                              |              |
|         | - as % of profit                                                                    | NA                           | 0            |
|         | - others, specify...                                                                | NA                           | 0            |
| 5.      | Others, please specify                                                              | NA                           | 0            |
|         | Total (A)                                                                           | 0                            | 0            |
|         | Ceiling as per the Act                                                              | NA                           | 0            |

### B. Remuneration to other directors: **Not Applicable**

### C. Remuneration to key managerial personnel other than md/manager/wtd (Amount in Rupees)

| Sl.No. | Particulars of Remuneration                                                         | Key Managerial Personnel |                          |                          |                 |
|--------|-------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|-----------------|
|        |                                                                                     | Company Secretary        | CEO<br>w.e.f. 17-03-2018 | CFO<br>w.e.f. 28-03-2018 | Total           |
| 1.     | Gross salary                                                                        |                          |                          |                          |                 |
|        | (a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,26,460                 | 1,00,000                 | 80,000                   | 5,06,460        |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | NA                       | NA                       | NA                       |                 |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | NA                       | NA                       | NA                       |                 |
| 2.     | Stock Option                                                                        | NA                       | NA                       | NA                       |                 |
| 3.     | Sweat Equity                                                                        | NA                       | NA                       | NA                       |                 |
| 4.     | Commission                                                                          | NA                       | NA                       | NA                       |                 |
|        | - as % of profit                                                                    |                          |                          |                          |                 |
|        | - others, specify...                                                                |                          |                          |                          |                 |
| 5.     | Others, please specify (Medical, Bonus and LTA)                                     | 19,680                   | 2,500                    | 2,500                    | 24,680          |
|        | <b>Total</b>                                                                        | <b>3,46,140</b>          | <b>1,02,500</b>          | <b>82,500</b>            | <b>5,31,140</b> |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

### FOR VICEROY HOTELS LIMITED

Place: Hyderabad

Date: 13th day of August, 2018

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

## **Annexure – VII**

### **SECRETARIAL AUDIT REPORT**

**(As per Form No.MR- 3 for the Financial Year ended 31. 3. 2018)**

(Pursuant to Sec.204(1) of the Companies Act,2013& Rule No.9 of Companies  
(Appointment and Remuneration of Managerial Personnel) Rules 2014.

**To**

**The Members,**

**Viceroy Hotels Limited**

**CIN :L55101TG 1985 PLC 001048**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Viceroy Hotels Limited (hereafter called “the Company”. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct /statutory compliances and expressing my opinion thereon.

The compliance of the provisions of all laws,regulations,standards applicable to Viceroy Hotels Limited (the Company” is the responsibility of the management of the company .My examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. My responsibility is to issue the Secretarial Audit Report based on the audit of the relevant records maintained and furnished to me by the Company along with explanations where so required.

I have followed the audit practicesand processes as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and legal records ,legal compliance mechanism and corporate conduct.The verification was done on test check basis to ensure that correct facts as reflected in the secretarial and other records produced to me. I believe that the processes and practices I havefollowed provides a reasonable basis for my opinion for the purpose of issue of the secretarial audit report.

I have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

Wherever required I have obtained the management representation about the compliance of the laws,rules and regulations and major events during the audit period.

The Secretarial Audit Report is neither as assurance to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on the verification of the Company's books,forms and returns filed and other records maintained by the Company and also the informationprovided by the Company ,its officers,agents and authorized representatives during the conduct of the secretarial audit and as per the explanations given and representations made by the management, I hereby report that in my opinion,the company has during the audit period covering the financial year ended 31st March 2018 generally complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent , in the manner and subject to the reporting made here under.

I have examined the books,papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2018 according to the provisions of

- i. The Companies Act,2013.
- ii. The Securities Contracts(Regulation) Act, 1956 (SCRA) and the rules made there under.
- iii. The Depositories Act, 1996 and the Regulations and Bye laws framed there under.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations there under to the extent of Foreign Direct Investment , Overseas Direct Investment and External Commercial Borrowings.
- v. The following regulations and guidelines prescribed under the Securities Exchange Board of India (SEBI) Act,1992.

- a) The Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011.
- b) The Securities Exchange Board of India (prohibition of Insider Trading) Regulations 2015.
- c) The Securities Board of India (Issue of Capital and Disclosure Requirements) 2008 as amended from time to time.
- vi. Listing Agreement entered by the Company with the BSE Limited and National Stock Exchange of India Limited.
- vii. Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.
- viii. Secretarial Standards issued by the Institute of Company Secretaries of India
- ix. Other laws specifically applicable to the Company viz.,
  - a) Food Safety and Standards Act 2006 and Food Safety and Standards Rules 2011
  - b) Food Safety and Standards (Packaging and Labeling) Regulations 2011.

During the period under the review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standard subject to

- a) *Default in repayment of debentures in a manner which will have consequential impact on the directorships and listing obligations for the above.*
- b) *Non dematerialization of the promoters shares as per listing agreement/SEBI Rules.*

I was informed that during the year under review that the company was not required to maintain any books, papers, minute books or other records or to file any forms /forms /returns according to the provisions of

- a) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
- b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents ) Regulations 1993 regarding the Companies and dealing with the client.
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009.
- d) The Securities and Exchange Board of India (BuyBack of Securities) Regulations 1998.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors till *the powers of the Board of Directors of the company have been vested with the Insolvency Resolution Professional vide the order of the Hon'ble National Company Law Board Tribunal , Hyderabad Bench dated 12th March 2018.*

Adequate notice is given to all directors to schedule the Board meetings agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and committee meeting s are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or committee of the Board as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliances with applicable laws ,rules ,regulations and guidelines.

I further report that during the audit period the company has not entered /carried out any activity that has major bearing on the Company's affairs other than

- a) those mentioned in the order of the Hon'ble National Company Law Board Tribunal Hyderabad Bench vide its order dated 12th March 2018.
- b) Meeting of the committee of creditors consisting of six members held on 30th March 2018 and the resolutions passed unanimously thereunder.

Sd/-

**A N SARMA**

**Practicing Company Secretary  
FCS 4557 CP 7812**

Hyderabad  
25-05-2018

## **Annexure – VIII**

### **PARTICULARS OF EMPLOYEES**

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:**

| S.No. | Name of the Director& Key Managerial Person                    | Ratio of the remuneration to the median remuneration of the employees |
|-------|----------------------------------------------------------------|-----------------------------------------------------------------------|
| 1     | <b>Mr. P. Prabhakar Reddy</b> , Chairman and Managing Director | NIL                                                                   |
| 2     | <b>Mr. P. Chakradhar Reddy</b> (Director)                      | NIL                                                                   |
| 3     | <b>Mrs. P. Kameswari</b> (Director)                            | NIL                                                                   |
| 4     | <b>Mr. Govindrajan Devraj</b> (Independent Director)           | NIL                                                                   |
| 5     | <b>Mr. K. Narsimha Rao</b> (Independent Director)              | NIL                                                                   |
| 6     | <b>Mr. Katragadda Rajesh</b> (Independent Director) @          | NIL                                                                   |
| 7     | <b>Mr. M. Sreedhar Singh</b> (CEO) *                           | 54.99                                                                 |
| 5     | <b>Mr. J. Daswanth Kumar</b> (CFO) *                           | 44.26                                                                 |
| 6     | <b>Ms. Sonam Jaiswal</b> (Company Secretary) *                 | 15.47                                                                 |

@ Mr. Katragadda Rajesh ceased to be Director of the Company w.e.f. April 25, 2018.

\* Comparable figures are not available due to first time payment.

(ii) **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year**

| S.No. | Name of the Director& Key Managerial Person                    | Percentage Increase in Remuneration |
|-------|----------------------------------------------------------------|-------------------------------------|
| 1     | <b>Mr. P. Prabhakar Reddy</b> , Chairman and Managing Director | NIL                                 |
| 2     | <b>Mr. P. Chakradhar Reddy</b> (Director)                      | NIL                                 |
| 3     | <b>Mrs. P. Kameswari</b> (Director)                            | NIL                                 |
| 4     | <b>Mr. Govindrajan Devraj</b> (Independent Director)           | NIL                                 |
| 5     | <b>Mr. K. Narsimha Rao</b> (Independent Director)              | NIL                                 |
| 6     | <b>Mr. Katragadda Rajesh</b> (Independent Director) @          | NIL                                 |
| 7     | <b>Mr. M. Sreedhar Singh</b> (CEO) *                           | NIL                                 |
| 5     | <b>Mr. J. Daswanth Kumar</b> (CFO) *                           | 7.06                                |
| 6     | <b>Ms. Sonam Jaiswal</b> (Company Secretary) *                 | (3.81)                              |

@ Mr. Katragadda Rajesh ceased to be Director of the Company w.e.f. October 13, 2017.

\* Comparable figures are not available due to first time payment.

- (ii) **The percentage increase / Decrease in the median remuneration of employees in the financial year.**
- (iii) **The number of permanent employees on the rolls of Company.**  
**There are 48 permanent employees on the rolls of the Company.**
- (iv) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**  
The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.
- (vi) **The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.**

#### Top 10 Employees in Term of Remuneration :

Statement of Particulars of Employees Pursuant to Provisions of Rule 5 (2) of Section 197 (12) of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Name of the Employee  | Designation                 | Remuneration Per Month | Nature of employment | Qualification                           | Date of commencement of employment | Age | Last employment of such employee | % of equity shares held of the employee | Whether the employee is a relative of any director/manager, if yes name of such director and manager |
|-----------------------|-----------------------------|------------------------|----------------------|-----------------------------------------|------------------------------------|-----|----------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------|
| Mohtesham Ali         | Asst. Mgr Interiors         | 1,18,083.00            | Project              | MHSS Polytechnic-Construction           | 01/06/2006                         | 39  | -                                | NO                                      | Nil                                                                                                  |
| Siva Kumar Gowd.H     | Project Engineer            | 60,000.00              | Project              | Diploma in Civil Engg. (Polytechnic)    | 26/08/2006                         | 48  | -                                | NO                                      | Nil                                                                                                  |
| Kush Roy              | Exe. Chef                   | 55,630.00              | F&B                  | 5th Class                               | 10/05/2005                         | 45  | -                                | NO                                      | Nil                                                                                                  |
| S. Vignesh Kumar      | Pro. Eng. MEP Serv.         | 50,190.00              | Project              | Diploma in Electricals & Electronics    | 17/11/2008                         | 33  | -                                | NO                                      | Nil                                                                                                  |
| D. Sravan Kumar Reddy | Dy. Man-Finance             | 48,732.00              | Accounts             | B.Com                                   | 28/2/2008                          | 45  | -                                | NO                                      | Nil                                                                                                  |
| G.V.N.S. Sharma       | Asst. Manager - accounts    | 48,184.00              | Accounts             | M.Com                                   | 1/4/2006                           | 57  | -                                | NO                                      | Nil                                                                                                  |
| N.G.S.N.K. Reddy      | Sr. Mgr. Project            | 40,610.00              | Project              | Diploma in Chemical Engg. (Polytechnic) | 1/10/2006                          | 44  | -                                | NO                                      | Nil                                                                                                  |
| Mercy Mathew          | Manager - Hr & admin        | 39,871.00              | Administration       | B.A , DCCP                              | 1/9/2000                           | 54  | -                                | NO                                      | Nil                                                                                                  |
| K Viswanathan         | Asst. Manager - stores      | 38,000.00              | Purchase             | B.Sc                                    | 19/3/2008                          | 57  | -                                | NO                                      | Nil                                                                                                  |
| A Laxmi Narayana      | Dy. Manager - cost controls | 36,638.00              | Finance              | MA                                      | 10/6/1993                          | 57  | -                                | NO                                      | Nil                                                                                                  |

- A) Details of Employee's drawing remuneration of Rs.8.50 Lacs per month or Rs.102.00 Lacs per annum: Nil
- B) There are no other employees drawing Rs.8.50 Lacs per month or Rs.102.00 Lacs per annum, whether employed throughout the year or part of the Financial year.
- C) There are no employees in the service of the Company covered under Rule 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**M/s. VICEROY HOTELS LIMITED**

## **Report on the Ind AS Standalone Financial Statements**

We have audited the accompanying Ind AS Standalone Financial Statements of **VICEROY HOTELS LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March, 2018, 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.

## **Management's Responsibility for the Ind AS 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 and presentation 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 relevant rules issued there under. 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 Ind AS 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 Ind AS Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Standalone 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 Standalone 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.

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 Standalone 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 Ind AS Standalone Financial Statements:

## 1. Basis of Qualified Opinion:

- a. **Capital Work In Progress:** The Company has converted capital work in progress into Fixed Assets during the F.Y 2017-18 of an amount of Rs. 111.94 Crores. However the company has not submitted us any valuation certificate towards capitalization of fixed assets of Rs.111.94 crores , hence the depreciation claimed by the company an amount of Rs.3.56 crores towards capitalized amount during the year is not ascertainable.
- b. **Forfeiture of Advance:** the company has forfeited an advance of amount Rs.134.65 Crores in the F.Y 2013-14 and adjusted in slump sale proceeds as disclosed in the annual report of F.Y 2013-14 , in the current financial year again the company has recognized the forfeited advances in the books of accounts as outstanding liability which is not in line with the IND As accounting policies , also the management of the company has not provided us any supporting document towards re recognition of such advances liability in the books of accounts of the current financial year 2017-18.
- c. **Corporate guarantee:** The Company Viceroy Hotels Limited has given corporate guarantee for an amount of Rs. 317 Crores to Edelweiss Asset Reconstruction Company Limited in respect of loans taken by Viceroy Bangalore hotels private limited in the previous year's which is violating the provisions specified U/s 186 of The Companies Act 2013. The company has not obtained shareholders permission in the general meeting for such corporate guarantee given.
- d. **NCLT:** The Asset Reconstruction Company (India) Ltd (ARCIL) has filed Plea under Sec.7 of The Insolvency and Bankruptcy code -2016 against M/s Viceroy Hotels Limited for nonpayment of Loans and an Order has been received by the company from NCLT for the same. The company is in the process of corporate insolvency Resolution process, which may effect the Going concern of the company.
- e. **Loans From Banks or Financial Institutions:** During the current financial year, the company has not provided interest on the loans obtained from various Banks and Financial institutions which is not accordance with accepted accounting principles. Confirmations from banks and Financial institutions is not yet received., and all the loans obtained has been turned out into NPA's.
- f. **Statutory Dues:** The Company has not paid the statutory dues for more than 6 months as per the books of accounts and records maintained by the company's is as follows:

| Sl.No | Particulars  | Amount (Rs. )        |
|-------|--------------|----------------------|
| 1.    | TDS          | 3,47,38,983/-        |
| 2.    | ESI          | 15,177/-             |
| 3.    | PF           | 1,22,949/-           |
|       | <b>Total</b> | <b>3,48,77,109/-</b> |

- g. **Trade Payables and Trade Receivables:** The Trade payables and Trade receivables of Rs. 19,05,100/- and Rs. 10,32,13,822/- Respectively could not be verified as confirmation of balances is not received.
- h. **Exceptional items:** The company has written off various current and non current assets during the year for which there is no provision has been created by the company upto previous year and as per the board these assets will not generate any future cash flows.
- i. **Going Concern:** The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's abilities to continue as going concern. In the event that the going concern assumption of the company is inappropriate, adjustments will have to be made as not a going concern. However the financials has not been made with such adjustments for the F.Y 2017-18.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of our observations stated in “Basis of Qualified Opinion paragraph” above, the aforesaid Ind AS 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 (financial Position) of the Company as at 31st March 2018, its Loss(financial performance including other comprehensive income/Loss) and its cash flows and 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 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
- 2 As required by section 143(3) of the Act, we further report that:
  - a) We have sought and obtained 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 except for those given in “Basis of Qualified Opinion” Paragraph of our audit report.
  - c) The matters described in Basis of Qualified opinion paragraph above, in our opinion may have an adverse effect on the functioning of the company.
  - d) Due to the possible effects of the matter described in the Basis for Qualified Opinion paragraph, we are unable to state whether the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.
  - e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of The Companies Act, 2013.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in ‘Annexure B’; and
  - h) 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 has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note no 35)
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

**For P C N & Associates,**  
 (Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration No: 016016S**

Place : Hyderabad  
 Date : 30-05-2018

Sd/-  
**Lakshmi Prasanthi.S**  
**Partner**  
 M.No:236578

## **Annexure A to the Auditor's Report**

**Annexure referred to in Independent Auditor's Report to the Members of M/s VICEROY HOTELS LIMITED on the Ind AS Financial Statements for the year ended 31st March 2018, we report that:**

- i. In respect of its fixed assets:
  - a) The Company has not produced Fixed Assets Register.
  - b) As per the information and explanations given by the management, the fixed assets have been physically verified by the management in a phased periodical manner. But as per the "Basis of Qualified opinion" given by us, there is capitalization of Rs. 111.94 crores, during the year under consideration, as we haven't obtained any valuation certificate towards capitalization of fixed assets; hence we are unable to ascertain the verification of fixed assets by the management.
  - c) According to the information and explanation given to us and on verification of documents provided to us, we are of the opinion that the title deeds of immovable properties are held as per note no 39 in the Company. We are unable to ascertain the title deeds of immovable properties in the name of the company, as we have not received information from the management.
- ii. As per the information and explanations given to us, and as per the books and records maintained by the company, the physical verification of inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on such verification.
- iii. As per the information and explanations given to us, and as per the books and records maintained by the company, The Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnership firms or other parties covered in the register maintained under Section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the company in respect of loans, investments are within the limits prescribed . However the company has issued corporate guarantee which is exceeding the limits specified in under Sec. 186 of the companies Act 2013 for which we have given qualified opinion in "Basis of qualified opinion paragraph" and also refer Note No:31 in Notes to accounts
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act,2013 and the rules framed there under.
- 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 Companies Act, 2013.
- vii. (a) The Company is not regular in depositing statutory dues including PF, ESI, Service Tax with the appropriate authorities as at the end of the financial year and the amounts which were due for more than 6 months from the date they became payable as per books and records of the company are as follows:

| Sl.No | Particulars  | Amount (Rs. )        |
|-------|--------------|----------------------|
| 1.    | TDS          | 3,47,38,983/-        |
| 2.    | ESI          | 15,177/-             |
| 3.    | PF           | 1,22,949/-           |
|       | <b>Total</b> | <b>3,48,77,109/-</b> |

(b) According to the information and explanations given to us, no disputed amounts are payable in respect of Income Tax and any other statutory dues as at the end of the period except the below mentioned dues to income tax.

| Name of the Statute | Nature of Dues | Amount (Rs.)      | Period to which it relates | Case is pending at |
|---------------------|----------------|-------------------|----------------------------|--------------------|
| Income Tax          | IncomeTax      | Rs.55,85,57,970/- | A.Y 2014-15                | Income Tax appeals |
| Income Tax          | Income Tax     | Rs.5,63,13,258/-  | A.Y 2013-14                | Income Tax appeals |

- viii. According to the information and explanations given to us, the company has defaulted in repayment of dues to various banks and financial institutions which are as follows and all are become NPA as per books and records maintained by the company.

**Amount in Crores (Rs.)**

| Name of the Bank/Institution |           |          | Principle Due | Interest Due  | Total Dues    |
|------------------------------|-----------|----------|---------------|---------------|---------------|
| ARCIL                        | Principal | Interest |               |               |               |
| Axis Bank Ltd- NCDs          | 42.50     | 32.67    |               |               |               |
| IDFC Ltd                     | 69.18     | 44.85    |               |               |               |
| Axis Bank Ltd                | 20.00     | 14.27    | 131.68        | 92.79         | 224.47        |
| IARC LTD                     |           |          | 1.95          | -             | 1.95          |
| State Bank of India          |           |          | 56.18         | 50.55         | 106.73        |
| Canara Bank                  |           |          | 24.02         | 34.81         | 58.83         |
| <b>Total</b>                 |           |          | <b>213.83</b> | <b>178.15</b> | <b>391.98</b> |

We didn't receive any confirmations from Banks/ Financial institutions/Asset Reconstruction companies for the above outstanding balances.

- ix. According to information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and as per the books and records of the company, during the year and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company and hence not commented upon.
- x. During the course of examination of books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such cases by the management.
- xi. According to information and explanations given to us the company and verification of the records of the company, the company has not paid / provided managerial remuneration during the year under consideration.
- xii. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.
- xiii. According to the information & explanations given to us and to the best of our knowledge and belief, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies act 2013 wherever applicable and the details of transactions with related parties have been disclosed in the financial statements as required by the applicable accounting standard. (Refer Note no 38)
- xiv. During the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence the provisions of clause 3(xiv) of the Order, relating to compliance with section 42 of "the Act", are not applicable to the company.

- xv. According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order are not applicable to the company.
- xvi. According to information and explanations given to us and to the best of our knowledge and belief the company is not required to be register under section 45-IA of Reserve Bank of India Act, 1934.

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration No: 016016S**

Place : Hyderabad  
Date : 30-05-2018

Sd/-  
**Lakshmi Prasanthi.S**  
**Partner**  
M.No:236578

### **Annexure B to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of **VICEROY HOTELS LIMITED** ('the company') as of 31st March 2018 in conjunction with our audit of IND AS Standalone Financial Statements of the company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and 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 risk of material misstatement of the IND AS Financial Statements, whether due to fraud or error.

Because of the matters described in the Basis of Qualified Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on internal financial controls.

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of IndAS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 Ind AS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

### Inherent Limitation of Internal Financial Controls over Financial Reporting

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

### Basis of Qualified Opinion:

1. The company did not have appropriate internal controls for confirmation and reconciliation of trade receivables, trade payables, other current assets and current liabilities.
2. The company did not have fixed asset registers.
3. The company has written off various assets and liabilities as exceptional items due to which we couldn't get appropriate audit evidence in relation to internal financial controls over financial reporting.

As a result of these matters, we have not been able to obtain sufficient and appropriate audit evidence in relation to Internal Financial Controls over Financial Reporting and consequently we are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2018.

### Qualified Opinion

In our opinion, the company has, in all material respects, except for the matters described in Basis of Qualified opinion paragraph, 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 Institute Of Chartered Accountants of India.

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration No: 016016S**

Place : Hyderabad  
Date : 30-05-2018

Sd/-  
**Lakshmi Prasanthi.S**  
**Partner**  
M.No:236578

## STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

| PARTICULARS                              | Notes | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|------------------------------------------|-------|-------------------------|-------------------------|
| <b>I. ASSETS:</b>                        |       |                         |                         |
| <b>1. Non Current Assets:</b>            |       |                         |                         |
| a) Property, Plant and Equipment         | 3     | 2,33,64,24,162          | 1,34,16,88,323          |
| b) Capital Work in Progress              |       |                         | 3,44,68,52,601          |
| c) Financial Assets                      |       |                         |                         |
| i) Non Current Investments               | 4     | 18,89,62,420            | 83,99,54,226            |
| ii) Loans                                | 5     | 5,44,98,341             | 1,19,08,62,090          |
| iii) Other Non Current Financial Assets  |       |                         |                         |
| d) Deferred Tax Asset                    |       |                         |                         |
| e) Other Non Current Assets              | 6     | 1,52,14,145             | 2,41,34,151             |
| <b>Total Non-Current Assets</b>          |       | <b>2,59,50,99,068</b>   | <b>6,84,34,91,391</b>   |
| <b>2. Current Assets:</b>                |       |                         |                         |
| a) Inventories                           | 7     | 1,14,65,347             | 1,02,95,805             |
| b) Financial Assets                      |       |                         |                         |
| i) Investments                           |       |                         |                         |
| ii) Trade Receivables                    | 8     | 10,32,13,822            | 10,89,63,403            |
| iii) Cash and Cash Equivalents           | 9     | (1,13,39,986)           | 1,34,52,813             |
| iv) Other Balances with Bank             |       |                         |                         |
| v) Loans                                 |       |                         |                         |
| vi) Other Financial Assets               |       |                         |                         |
| c) Other Current Assets                  |       |                         |                         |
| (a) Advances other than Capital Advances | 10    | 3,57,42,492             | 6,94,54,566             |
| (b) Other Assets                         |       |                         |                         |
| <b>Total Current Assets</b>              |       | <b>13,90,81,674</b>     | <b>20,21,66,586</b>     |
| <b>TOTAL ASSETS</b>                      |       | <b>2,73,41,80,742</b>   | <b>7,04,56,57,977</b>   |
| <b>II. EQUITY AND LIABILITIES:</b>       |       |                         |                         |
| <b>Equity</b>                            |       |                         |                         |
| a) Equity Share Capital                  | 11    | 42,40,52,240            | 42,40,52,240            |
| b) Other Equity                          | 12    | (4,00,52,65,450)        | 38,10,21,882            |
| <b>Total Equity</b>                      |       | <b>(3,58,12,13,210)</b> | <b>80,50,74,122</b>     |

## STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

| PARTICULARS                           | Notes | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|---------------------------------------|-------|-------------------------|-------------------------|
| <b>Liabilities</b>                    |       |                         |                         |
| <b>1. Non Current Liabilities:</b>    |       |                         |                         |
| a) Financial Liabilities              |       |                         |                         |
| i) Borrowings                         | 13    | 3,82,58,05,826          | 3,43,18,70,763          |
| ii) Other Financial Liabilities       |       |                         |                         |
| b) Provisions                         |       |                         |                         |
| c) Deferred Tax Liabilities (Net)     | 14    | 27,73,56,495            | 17,84,88,911            |
| d) Other Non Current Liabilities      | 15    | 95,04,388               | 99,42,731               |
| <b>Total Non-Current Liabilities</b>  |       | <b>4,11,26,66,710</b>   | <b>3,62,03,02,405</b>   |
| <b>2. Current Liabilities:</b>        |       |                         |                         |
| a) Financial Liabilities              |       |                         |                         |
| i) Borrowings                         | 16    | 4,12,77,009             | 3,30,06,154             |
| ii) Trade Payables                    | 17    | 19,06,50,100            | 17,22,22,064            |
| iii) Other Financial Liabilities      |       |                         |                         |
| b) Provisions                         |       |                         |                         |
| (i) Current Provisions                | 18A   | 12,83,50,234            | 13,47,09,899            |
| (ii) Current Tax Liability            | 18B   | 13,77,599               | 13,77,599               |
| c) Other Current Liabilities          | 19    | 1,84,10,72,300          | 2,27,89,65,733          |
| <b>Total Current Liabilities</b>      |       | <b>2,20,27,27,243</b>   | <b>2,62,02,81,449</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> |       | <b>2,73,41,80,742</b>   | <b>7,04,56,57,977</b>   |

Summary of significant accounting policies 2.1

The accompanying notes 1 to 42 are an integral part of the financial statements

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Sd/-  
**Lakshmi Prasanthi.S**  
Partner  
M.No:236578

Hyderabad  
30-05-2018

### FOR VICEROY HOTELS LIMITED

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

| PARTICULARS                                                                       | Notes     | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-----------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|
| <b>INCOME</b>                                                                     |           |                         |                         |
| Revenue from Operations                                                           | 20        | 83,82,65,312            | 83,14,34,102            |
| Other income                                                                      | 21        | 17,07,36,699            | 3,69,73,560             |
| <b>TOTAL INCOME</b>                                                               |           | <b>1,00,90,02,011</b>   | <b>86,84,07,662</b>     |
| <b>EXPENSES</b>                                                                   |           |                         |                         |
| Food and beverages consumed                                                       | 22        | 14,79,45,876            | 11,71,89,367            |
| Employees benefit Expenses                                                        | 23        | 22,68,93,661            | 20,33,26,230            |
| Finance Costs                                                                     | 24        | 20,72,37,437            | 25,55,82,184            |
| Depreciation and Amortisation Expenses                                            | 3         | 8,32,92,502             | 5,95,08,420             |
| Other Operating and General Expenses                                              | 25        | 36,50,86,574            | 25,93,43,268            |
| <b>TOTAL EXPENSES</b>                                                             |           | <b>1,03,04,56,051</b>   | <b>89,49,49,469</b>     |
| <b>Profit/(Loss) before exceptional items and tax</b>                             | <b>26</b> | <b>(2,14,54,040)</b>    | <b>(2,65,41,807)</b>    |
| Exceptional Items                                                                 |           | 4,26,59,65,709          | 7,97,90,375             |
| <b>Profit/(Loss) before tax</b>                                                   |           | <b>(4,28,74,19,749)</b> | <b>(10,63,32,182)</b>   |
| Tax Expenses:                                                                     |           |                         |                         |
| (1) Current Tax                                                                   |           |                         |                         |
| (2) Deferred Tax                                                                  |           | 9,88,67,584             | 90,90,589               |
| <b>Total</b>                                                                      |           |                         |                         |
| <b>Profit (Loss) after Tax for the period</b>                                     |           | <b>(4,38,62,87,333)</b> | <b>(11,54,22,770)</b>   |
| <b>Other Comprehensive Income</b>                                                 |           |                         |                         |
| A. (i) Items that will not be reclassified subsequently to Profit or Loss         |           |                         |                         |
| (ii) Income Tax relating to items that will not be reclassified to profit or loss |           |                         |                         |
| B. (i) Items that will be reclassified subsequently to Profit or Loss             |           |                         |                         |
| (ii) Income Tax relating to items that will be reclassified to profit or loss     |           |                         |                         |
| <b>Total (Net of Tax)</b>                                                         |           | <b>0</b>                | <b>0</b>                |
| <b>Total Comprehensive Income for the year</b>                                    |           | <b>(4,38,62,87,333)</b> | <b>(11,54,22,770)</b>   |
| <b>Earnings Per Share:</b>                                                        |           |                         |                         |
| a) Basic (Rs.)                                                                    |           | (103.44)                | (2.72)                  |
| b) Diluted (Rs.)                                                                  |           | (103.44)                | (2.72)                  |
| Face Value per Equity Share                                                       |           | 10                      | 10                      |

Summary of significant accounting policies 2.1

The accompanying notes 1 to 27 are an integral part of the financial statements

**FOR VICEROY HOTELS LIMITED**

**For P C N & Associates,**

(Formerly Known as Chandra Babu Naidu & Co)

**Chartered Accountants,**

**Firm Registration no: 016016S**

Sd/-

**Lakshmi Prasanthi.S**

Partner

M.No:236578

Hyderabad

30-05-2018

Sd/-

**P. Prabhakar Reddy**

Former CMD

Sd/-

**CMA K.K.Rao**

Resolution Professional

Sd/-

**M.Sreedhar Singh**

CEO

Sd/-

**Devraj Govind Raj**

Former Director

Sd/-

**J.Daswanth Kumar**

CFO

Sd/-

**Sonam Jaiswal**

Company Secretary

## NOTE NO 3 : PROPERTY, PLANT & EQUIPMENT

(Rs. In Lacs)

| Particulars                      | Land                | Buildings             | Furnitures and Fixtures | Air Conditioners    | Electrical Fittings | Vehicles           | Plant & Machinery   | Generator        | Misc. Fixed Assets  | Total                 |
|----------------------------------|---------------------|-----------------------|-------------------------|---------------------|---------------------|--------------------|---------------------|------------------|---------------------|-----------------------|
| <b>Cost at</b>                   |                     |                       |                         |                     |                     |                    |                     |                  |                     |                       |
| As at 1st April 2016             | 14,18,96,580        | 1,62,77,76,035        | 37,69,80,752            | 16,04,27,348        | 19,94,81,641        | 7,44,09,436        | 8,60,23,299         | 13,65,000        | 38,54,03,178        | 3,05,37,63,269        |
| Additions During the Year        |                     |                       |                         |                     |                     | 11,31,136          |                     |                  |                     | 11,31,136             |
| Disposals During the Year        |                     |                       |                         |                     |                     | 57,60,797          |                     |                  |                     | 57,60,797             |
| <b>As at 31st March 2017</b>     | <b>14,18,96,580</b> | <b>1,62,77,76,035</b> | <b>37,69,80,752</b>     | <b>16,04,27,348</b> | <b>19,94,81,641</b> | <b>6,97,79,775</b> | <b>8,60,23,299</b>  | <b>13,65,000</b> | <b>38,54,03,178</b> | <b>3,04,91,33,608</b> |
| Additions During the Year        | -                   | 37,09,84,885          | 14,32,18,622            | -                   | 10,57,99,852        | -                  | 49,94,03,222        | -                | -                   | 1,11,94,06,581        |
| Disposals During the Year        | 1,00,000            | 3,02,74,304           | 1,47,19,382             | -                   | -                   | 4,02,10,015        | 2,31,94,055         | 13,65,000        | 2,08,15,054         | 13,06,77,810          |
| <b>As at 31st March 2018</b>     | <b>14,17,96,580</b> | <b>1,96,84,86,616</b> | <b>50,54,79,992</b>     | <b>16,04,27,348</b> | <b>30,52,81,493</b> | <b>2,95,69,760</b> | <b>56,22,32,466</b> | <b>-</b>         | <b>36,45,88,124</b> | <b>4,03,78,62,379</b> |
| <b>Depreciation/Amortization</b> |                     |                       |                         |                     |                     |                    |                     |                  |                     |                       |
| As at 1st April 2016             | -                   | 55,94,22,609          | 34,42,73,915            | 14,53,30,010        | 16,05,34,800        | 3,92,13,554        | 4,12,14,133         | 12,35,913        | 35,67,11,931        | 1,64,79,36,865        |
| Provided for the Year            | -                   | 1,99,19,546           | 81,97,543               | 42,33,982           | 1,10,41,338         | 72,35,847          | 46,37,045           | 60,837           | 41,82,282           | 5,95,08,420           |
| Deductions During the Year       |                     |                       |                         |                     |                     |                    |                     |                  |                     |                       |
| <b>As at 31st March 2017</b>     | <b>-</b>            | <b>57,93,42,155</b>   | <b>35,24,71,458</b>     | <b>14,95,63,992</b> | <b>17,15,76,138</b> | <b>4,64,49,401</b> | <b>4,58,51,178</b>  | <b>12,96,750</b> | <b>36,08,94,213</b> | <b>1,70,74,45,285</b> |
| Provided for the Year            | -                   | 2,33,50,047           | 1,22,03,165             | 28,41,988           | 1,27,87,306         | 55,54,427          | 2,32,41,579         | -                | 33,13,991           | 8,32,92,502           |
| Deductions During the Year       | -                   | 89,31,846             | 1,81,70,767             | -                   | -                   | 2,34,30,561        | 2,23,69,825         | 12,96,750        | 1,50,99,821         | 8,92,99,570           |
| <b>As at 31st March 2018</b>     | <b>-</b>            | <b>59,37,60,356</b>   | <b>34,65,03,855</b>     | <b>15,24,05,980</b> | <b>18,43,63,444</b> | <b>2,85,73,267</b> | <b>4,67,22,931</b>  | <b>-</b>         | <b>34,91,08,383</b> | <b>1,70,14,38,217</b> |
| <b>Net Carrying Value</b>        |                     |                       |                         |                     |                     |                    |                     |                  |                     |                       |
| As at 1st April 2016             | 14,18,96,580        | 1,06,83,53,426        | 3,27,06,837             | 1,50,97,338         | 3,89,46,841         | 3,51,95,882        | 4,48,09,166         | 1,29,087         | 2,86,91,247         | 1,40,58,26,404        |
| As at 31st March 2017            | 14,18,96,580        | 1,04,84,33,880        | 2,45,09,294             | 1,08,63,356         | 2,79,05,503         | 2,33,30,374        | 4,01,72,121         | 68,250           | 2,45,08,965         | 1,34,16,88,323        |
| As at 31st March 2018            | 14,17,96,580        | 1,37,47,26,260        | 15,89,76,137            | 80,21,368           | 12,09,18,049        | 9,96,493           | 51,55,09,535        | -                | 1,54,79,741         | 2,33,64,24,162        |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

### NOTE NO 4 : NON CURRENT INVESTMENTS

| Particulars                                         | Face Value | March 31, 2018 |                     | March 31, 2017 |                     |
|-----------------------------------------------------|------------|----------------|---------------------|----------------|---------------------|
|                                                     |            | Holdings as at | Rs.                 | Holdings as at | Rs.                 |
| <b>Investment in Subsidiary Companies (at cost)</b> |            |                |                     |                |                     |
| Café De Lake Pvt Ltd                                | 10         | 27,44,530      | 7,03,69,750         | 27,44,530      | 7,03,69,750         |
| Crustum Products Pvt Ltd                            | 10         | 40,00,000      | 4,00,00,000         | 40,00,000      | 4,00,00,000         |
| Minerva Hospitalities Pvt Ltd                       | 10         | 46,69,267      | 4,66,92,670         | 46,69,267      | 4,66,92,670         |
| Viceroy Chennai Hotels & Resorts Pvt Ltd            | 10         | 10,000         | 1,00,000            | 10,000         | 1,00,000            |
| Banjara Hospitalities Pvt Ltd                       | 10         | 31,80,000      | 3,18,00,000         | 31,80,000      | 3,18,00,000         |
| <b>Investment in Associate Companies (at cost)</b>  |            |                |                     |                |                     |
| Viceroy Bangalore Hotels Pvt Ltd                    |            |                |                     | 79,91,554      | 65,09,91,806        |
| <b>Total Non Current Investments (net)</b>          |            |                | <b>18,89,62,420</b> |                | <b>83,99,54,226</b> |

The Company has made provision for loss of investment in Crustum Products Pvt Ltd for Rs.4,00,00,000 and Minerva Hospitalities Pvt Ltd for Rs.4,66,92,670.

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                  | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|----------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 5 : LOANS</b>                     |                         |                         |
| Advances                                     | 1,58,97,525             | 75,54,639               |
| Secured, considered good                     | 2,23,21,959             | 2,10,22,487             |
| Unsecured, considered good                   | 9,37,425                | 16,54,996               |
| Unsecured, Considered good                   | 99,00,658               | 94,49,02,773            |
| Subsidiary / Associate Company advances      | -                       | 16,45,96,085            |
| Other Advances                               | (44,05,105)             | 4,62,85,230             |
| Advances recoverable in cash or in kind      | 18,45,879               | 18,45,879               |
| Other Advances                               | 80,00,000               | 30,00,000               |
| <b>Total Loans</b>                           | <b>5,44,98,341</b>      | <b>1,19,08,62,090</b>   |
| <b>NOTE NO 6 : OTHER NON CURRENT ASSETS</b>  |                         |                         |
| Other Current Assets                         | 1,52,14,145             | 2,41,34,151             |
| <b>Total Other Non Current Assets</b>        | <b>1,52,14,145</b>      | <b>2,41,34,151</b>      |
| <b>NOTE NO 7 : INVENTORIES</b>               |                         |                         |
| Finished Goods                               |                         |                         |
| Food Inventory                               | 19,91,570               | 21,92,592               |
| Beverage Inventory                           | 93,30,824               | 79,46,213               |
| Tobacco Inventory                            | 1,42,953                | 1,57,000                |
| <b>Total Inventory</b>                       | <b>1,14,65,347</b>      | <b>1,02,95,805</b>      |
| <b>NOTE NO 8 : TRADE RECEIVABLES</b>         |                         |                         |
| <b>Current - Unsecured</b>                   |                         |                         |
| Considered Good                              | 10,32,13,822            | 10,89,63,403            |
| <b>Total</b>                                 |                         |                         |
| Less: Allowance for Bad and Doubtful Debts   |                         |                         |
| <b>Total Trade Receivables</b>               | <b>10,32,13,822</b>     | <b>10,89,63,403</b>     |
| <b>NOTE NO 9 : CASH AND CASH EQUIVALENTS</b> |                         |                         |
| Balances with Banks :                        |                         |                         |
| On Current Accounts and Overdraft            | (1,22,14,169)           | 1,11,18,682             |
| Cash on Hand                                 | 8,74,183                | 23,34,131               |
| <b>Total Cash and Cash Equivalents</b>       | <b>(1,13,39,986)</b>    | <b>1,34,52,813</b>      |
| <b>NOTE NO 10 : OTHER CURRENT ASSETS</b>     |                         |                         |
| Advance to Employees                         | 913                     | 7,31,645                |
| Prepaid Expenses                             | 1,33,85,549             | 5,93,37,219             |
| Advances to Related Parties                  | -                       | -                       |
| Other Advances                               | 2,23,56,030             | 93,85,702               |
| <b>Total Other Current Assets</b>            | <b>3,57,42,492</b>      | <b>6,94,54,566</b>      |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                                                                                                                       | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 11 : SHARE CAPITAL</b>                                                                                                                 |                         |                         |
| <b>Authorised Share Capital</b>                                                                                                                   |                         |                         |
| 4,50,00,000 Equity Shares of Rs.10 each<br>(March 31,2017: 4,50,00,000 Shares of Rs.10 each)<br>(April 1,2016: 4,50,00,000 Shares of Rs.10 each)  | 45,00,00,000            | 45,00,00,000            |
| 10,00,000 Preference shares of Rs.100 each<br>(March 31,2017: 10,00,000 Shares of Rs.100 each)<br>(April 1,2016: 10,00,000 Shares of Rs.100 each) | 10,00,00,000            | 10,00,00,000            |
| <b>Issued Share Capital</b>                                                                                                                       |                         |                         |
| 4,24,05,224 Equity Shares of Rs.10 each<br>(March 31,2017: 4,24,05,224 Shares of Rs.10 each)<br>(April 1,2016: 4,24,05,224 Shares of Rs.10 each)  | 42,40,52,240            | 42,40,52,240            |
| <b>Subscribed and Paid up</b>                                                                                                                     |                         |                         |
| 4,24,05,224 Equity Shares of Rs.10 each<br>(March 31,2017: 4,24,05,224 Shares of Rs.10 each)<br>(April 1,2016: 4,24,05,224 Shares of Rs.10 each)  | 42,40,52,240            | 42,40,52,240            |

### a.Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

|                                             | 31st March 2018    |                     | 31st March 2017    |                     |
|---------------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                             | Number             | Rupees              | Number             | Rupees              |
| At the beginning of the period              | 4,24,05,224        | 42,40,52,240        | 4,24,05,224        | 42,40,52,240        |
| Issued during the period                    | -                  | -                   | -                  | -                   |
| <b>Outstanding at the end of the period</b> | <b>4,24,05,224</b> | <b>42,40,52,240</b> | <b>4,24,05,224</b> | <b>42,40,52,240</b> |

### b.Terms/rights attached to equity shares.

The company has only one class of equity shares having a face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 st March 2018, the amount of per share dividend recognized as distributions to equity shareholders is Nil.

### c. Share warrants

The company has not issued any share warrants.

### d. Details of shareholders holding more than 5% shares in the company

| Particulars                                   | 31 Mar 2018      |           | 31 March 2017    |           |
|-----------------------------------------------|------------------|-----------|------------------|-----------|
|                                               | Number of shares | % holding | Number of shares | % holding |
| Equity shares of Rs. 10/- each fully paid-up  |                  |           |                  |           |
| Crest Logistics and Engineers Private Limited | 25,00,000        | 5.90%     | 25,00,000        | 5.90%     |
| Chakradhar Reddy Parvath Reddy                | 27,89,351        | 6.58%     | 40,39,351        | 9.53%     |
| Jhunjhunwala Rakesh Radheshyam                | -                | 0.00%     | 52,07,566        | 12.28%    |



## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

### NOTE NO 13 : BORROWINGS

| Particulars                                | Effective rate of interest | Maturity | March 31, 2018 |                       | March 31, 2017 |                       |
|--------------------------------------------|----------------------------|----------|----------------|-----------------------|----------------|-----------------------|
|                                            |                            |          | Face Value     | Amortised cost        | Face Value     | Amortised cost        |
| <b>Non Convertible Debentures</b>          |                            |          |                |                       |                |                       |
| Secured                                    |                            |          |                |                       |                |                       |
| 14% Non-Convertible Debentures             | 14%                        |          | 42,50,00,000   | 42,50,00,000          | 42,50,00,000   | 42,50,00,000          |
| <b>Term Loan From Banks</b>                |                            |          |                |                       |                |                       |
| Secured                                    |                            |          |                |                       |                |                       |
| From Banks and financial institutions      |                            |          |                | 1,69,44,02,192        |                | 1,70,29,87,747        |
| From IARC & EARC                           |                            |          |                | 3,26,00,000           |                | 15,91,60,000          |
| <b>Unsecured</b>                           |                            |          |                |                       |                |                       |
| From Related Parties                       |                            |          |                | -                     |                | 57,37,500             |
| <b>Loans From Others</b>                   |                            |          |                |                       |                |                       |
| Secured                                    |                            |          |                |                       |                |                       |
| Unsecured                                  |                            |          |                | 1,67,38,03,634        |                | 32,59,57,703          |
| Less: Current maturities of long term debt |                            |          |                |                       |                | 81,30,27,813          |
| <b>Total</b>                               |                            |          |                | <b>3,82,58,05,826</b> |                | <b>3,43,18,70,763</b> |

### Term Loan From Banks and Financial Institutions

| Particulars                   | Amount                |
|-------------------------------|-----------------------|
| Term Loan With Canara Bank    | 24,06,98,614          |
| Term Loan With Canara SBI     | 56,18,95,483          |
| Term Loan with ARCIL (AXIS 3) | 20,00,00,000          |
| Term Loan With ARCIL (IDFC)   | 69,18,08,095          |
| <b>Total</b>                  | <b>1,69,44,02,192</b> |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                                          | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 14 : DEFERRED TAX LIABILITY</b>                           |                         |                         |
| Opening Balance                                                      | 17,84,88,911            | 16,93,98,322            |
| Add/(Less): Provision of Deferred tax charge / (Credit) for the year | 9,88,67,584             | 90,90,589               |
| <b>Closing Balance</b>                                               | <b>27,73,56,495</b>     | <b>17,84,88,911</b>     |
| <b>NOTE NO 15 : OTHER NON CURRENT LIABILITIES</b>                    |                         |                         |
| Advance from Customers                                               | 95,04,388               | 99,42,731               |
| <b>Total</b>                                                         | <b>95,04,388</b>        | <b>99,42,731</b>        |
| <b>NOTE NO 16 : BORROWINGS</b>                                       |                         |                         |
| Cash Credit and Working Capital loan From Banks                      |                         |                         |
| Secured                                                              | 4,12,77,009             | 3,30,06,154             |
| <b>Total</b>                                                         | <b>4,12,77,009</b>      | <b>3,30,06,154</b>      |
| <b>Details of Cash Credit and Working Capital Loan from Banks</b>    |                         |                         |
| <b>Particulars</b>                                                   | <b>Amount</b>           |                         |
| Kotak Mahindra Bank (A/C # 24)                                       | (2,63,088)              |                         |
| Bank of Maharashtra                                                  | 2,05,75,952             |                         |
| IDBI Bank 0297102000007696                                           | 2,09,64,145             |                         |
| <b>Total</b>                                                         | <b>4,12,77,009</b>      |                         |
| <b>NOTE NO 17 : TRADE PAYABLES</b>                                   |                         |                         |
| Suppliers                                                            | 19,06,50,100            | 17,22,22,064            |
| <b>Total Trade Payables</b>                                          | <b>19,06,50,100</b>     | <b>17,22,22,064</b>     |
| <b>NOTE NO 18A : PROVISIONS</b>                                      |                         |                         |
| <b>Provision for Employee Benefits</b>                               |                         |                         |
| Provision for Gratuity                                               | 88,74,931               | 1,43,92,841             |
| Provision for Bonus                                                  | (9,61,700)              | 39,58,682               |
| Provision for Management Deferred License                            | -                       | 8,71,47,680             |
| Provision for accruals                                               | 10,77,34,391            | 1,65,10,241             |
| <b>Others</b>                                                        |                         |                         |
| Provision for FBT                                                    | 74,919                  | 74,919                  |
| Provision for Bad and Doubtful Debts                                 | 1,26,27,693             | 1,26,25,536             |
| <b>Total Provisions</b>                                              | <b>12,83,50,234</b>     | <b>13,47,09,899</b>     |

### Note:

Provision for gratuity has been taken in accordance with the actuarial report obtained. The accrual gain or loss is not calculated as on 31.03.2018

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                     | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 18B : CURRENT TAX LIABILITY</b>      |                         |                         |
| Current Income Tax (Net)                        | 13,77,599               | 13,77,599               |
| <b>Total</b>                                    | <b>13,77,599</b>        | <b>13,77,599</b>        |
| <b>NOTE NO 19 : OTHER CURRENT LIABILITIES</b>   |                         |                         |
| Electricity charges payable                     | -                       | 7,50,055                |
| Audit Fee Payable                               | 28,48,660               | 28,36,660               |
| Deposits                                        | 23,08,732               | 23,08,732               |
| Bonus Payable                                   | 6,46,903                | 6,46,903                |
| Spirit to serve charity fund                    | 2,26,783                | 3,18,281                |
| PF & ESI Payable                                | 15,93,677               | 17,63,493               |
| Salaries Payable                                | 59,60,002               | 91,02,962               |
| Other Payables                                  | 1,57,626                | 2,45,627                |
| Other Creditors                                 | 7,20,646                | 22,03,75,285            |
| Statutory Dues                                  | 5,05,08,873             | 6,06,93,531             |
| Interest Accrued but not due on Loans           | -                       | 38,60,049               |
| Interest Accrued and due on Loans               | 1,77,61,00,397          | 1,97,60,64,155          |
| <b>Total Other Current Liabilities</b>          | <b>1,84,10,72,300</b>   | <b>2,27,89,65,733</b>   |
| <b>NOTE NO 20 : REVENUE FROM OPERATIONS</b>     |                         |                         |
| Revenue From Operations:                        |                         |                         |
| (A) Revenue From Sale of Products               | 78,86,26,021            | 75,04,55,382            |
| (B) Revenue From Sale of Services               | -                       | 3,19,61,699             |
| (C) Other Operating Income                      | 4,96,39,291             | 4,90,17,021             |
| <b>Total</b>                                    | <b>83,82,65,312</b>     | <b>83,14,34,102</b>     |
| <b>NOTE NO 21 : OTHER INCOME</b>                |                         |                         |
| Profit on sale of PPE                           | 14,17,28,655            | -                       |
| Other Non Operating Income                      | 2,48,88,355             | 3,37,33,178             |
| Interest                                        |                         |                         |
| -From Banks                                     | 19,92,252               | 26,39,220               |
| -From Others                                    |                         |                         |
| Net Gain/Loss on Foreign Currency Transactions  | 21,27,437               | 6,01,162                |
| <b>Total</b>                                    | <b>17,07,36,699</b>     | <b>3,69,73,560</b>      |
| <b>NOTE NO 22 : FOOD AND BEVERAGES CONSUMED</b> |                         |                         |
| Opening Stock                                   | 1,02,95,805             | 1,16,98,683             |
| Add: Purchases                                  | 14,79,45,876            | 11,57,86,489            |
| (Less): Closing Stock                           | 1,02,95,805             | 1,02,95,805             |
| <b>Total</b>                                    | <b>14,79,45,876</b>     | <b>11,71,89,367</b>     |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                           | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 23 : EMPLOYEE BENEFIT EXPENSES</b>         |                         |                         |
| Salaries, Wages and bonus                             | 21,91,48,657            | 19,29,74,976            |
| Company's contributions to provident and other funds. | 72,08,919               | 1,03,38,088             |
| Staff welfare expenses                                | 5,36,085                | 13,166                  |
| <b>Total</b>                                          | <b>22,68,93,661</b>     | <b>20,33,26,230</b>     |

### Note No 24 : Finance Costs

Interest expense at effective rate on borrowings which are measured at amortised costs

|                                          |              |              |
|------------------------------------------|--------------|--------------|
| - Interest on Term loans                 | 19,87,82,231 | 19,07,28,723 |
| - Interest on Axis Bank - NCD'S          | -            | 5,94,99,999  |
| - Interest on Unsecured Loan             | 27,155       | 81,000       |
| - Loan processing Charges & Bank Charges | 6,76,925     | 4,59,045     |
| - Interest on OD                         | 24,73,260    | -            |
| - Interest on TDS                        | 2,075        | -            |

### Add : Settlements on interest rate swap contracts

|                        |           |           |
|------------------------|-----------|-----------|
| Credit Card Commission | 52,75,790 | 48,13,417 |
| On Tax Demands         |           |           |
| Other borrowing costs  |           |           |

### Less : Interest Capitalised (Refer Footnote)

|              |                     |                     |
|--------------|---------------------|---------------------|
| <b>Total</b> | <b>20,72,37,437</b> | <b>25,55,82,184</b> |
|--------------|---------------------|---------------------|

### NOTE NO 25 : OTHER OPERATING AND GENERAL EXPENSES

#### (i) Operating expenses consist of the following :

|                          |             |             |
|--------------------------|-------------|-------------|
| Fuel, Power and Light    | 9,40,82,223 | 8,83,88,699 |
| Repairs to Buildings     | 18,02,344   | 8,90,444    |
| Repairs & Maintenance    | 4,52,80,593 | 3,18,23,786 |
| Other Operating Expenses | 16,02,060   | -           |

#### (ii) General expenses consist of the following :

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Rent                                                | 1,50,29,675 | 42,01,372   |
| Licence Fees                                        | 7,64,686    | -           |
| Rates and Taxes                                     | 70,21,979   | 26,87,351   |
| Insurance                                           | 43,75,142   | 24,66,476   |
| Telephone, Postage and Others                       | 42,00,453   | 38,27,603   |
| Business Promotion Expenses                         | 8,90,50,400 | 8,34,75,150 |
| Printing and Stationery                             | 24,03,601   | 10,95,779   |
| Conveyance and Travelling                           | 2,81,88,862 | 1,43,47,208 |
| Provision for Doubtful Debts/ Bad debts written off | 2,157       | 6,19,445    |
| Freight & Transportation                            | 66,03,237   | -           |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                   | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-----------------------------------------------|-------------------------|-------------------------|
| Laundry                                       | 56,33,590               | 84,94,347               |
| Director Sitting Fees                         | 55,000                  | 1,70,000                |
| Donations                                     | 5,00,000                | -                       |
| Compensation Fees                             | 1,78,75,000             | -                       |
| Consultancy Charges                           | 1,01,21,944             | 9,17,491                |
| Office Maintenance                            | 38,21,856               | 9,30,744                |
| Loss on sale of property, plant and equipment | 81,79,454               |                         |
| Payment made to Statutory Auditors            | 4,72,000                | 4,60,000                |
| Miscellaneous Expenses                        | 1,80,20,319             | 1,45,47,374             |
| <b>Total</b>                                  | <b>36,50,86,574</b>     | <b>25,93,43,268</b>     |

### NOTE NO 26 : EXCEPTIONAL ITEMS

|                                              |                       |                    |
|----------------------------------------------|-----------------------|--------------------|
| Loans and Advances Written Off               | 60,97,95,051          | 7,97,90,375        |
| Capital Work In Progress Written Off to P& L | 2,18,50,05,568        |                    |
| Forfeiture of Advance                        | 1,34,64,70,860        |                    |
| Provision for Loss of Investment             | 8,67,92,670           |                    |
| Advances Written Off                         | 16,58,015             |                    |
| Loss on Investments VBHPL                    | 25,03,79,606          |                    |
| Payables Written Off                         | (1,21,23,173)         |                    |
| Other Payables written back                  | (27,96,41,072)        |                    |
| Advances Written Off                         | 1,82,000              |                    |
| Cwip P&L                                     | 53,08,726             |                    |
| Service Tax Input Not claimed                | 5,92,94,001           |                    |
| Other Payables Written Back                  | (7,33,826)            |                    |
| Provision for Loss on Investments            | 76,75,000             |                    |
| Advances Written off                         | 1,11,33,598           |                    |
| Other Advances Written Back                  | (27,961)              |                    |
| Other payables Written Back                  | (60,78,285)           |                    |
| Others                                       | 8,74,930              |                    |
| <b>Total Amount Written off</b>              | <b>4,26,59,65,709</b> | <b>7,97,90,375</b> |

## Significant Accounting Policies

### Note 1 : Corporate Information

The **Viceroy Hotels Limited** (“VHL” or the “Company”), is primarily engaged in the business of Hoteleirring. The Company is domiciled and incorporated in India in 1965 and has its registered office at HUDA Techna Enclave, Hyderabad Telangana - 500081, India. The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 30, 2018.

### Note 2 : Basis of Preparation, Critical Accounting Estimates and Judgements, Significant Accounting Policies and Recent Accounting Pronouncements

The financial statements have been prepared on the following basis:

#### (a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 Firsttime Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”) to Ind AS of Shareholders’ equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of The Companies Act, 2013.

#### (b) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. Current Assets do not include elements which are not expected to be realised within 12 months and Current Liabilities do not include items which are due after 12 months, the period of 12 months being reckoned from the reporting date.

#### (c) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions, that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented.

Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

• **Useful lives of property, plant and equipment:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

• **Impairment testing:** Property, plant and equipment and Intangible assets that are subject to amortisation/depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation 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.

• **Impairment of investments:** The Group reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for and during the current year the company has made Provision for diminution in investments.

• **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss. 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 or Loss.

• **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

## Significant Accounting Policies

### (d) Revenue recognition :

#### Income from operations

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from restaurant is recognized upon rendering of service. Sales are net of discounts. The Company also operates through franchise arrangements with third parties in terms of which the third parties are permitted to use the Company's established trademarks :

Initial Access Premium Fee charged<sup>11</sup> to franchisees, in consideration of being considered as competent to open a restaurant under a Company owned trademark, is recognized on formalization of the franchise agreement. The Initial Access Premium Fee is non – refundable, regardless of whether the restaurant Outlet under the franchise agreement commences operations or not. Royalty and Management Fee charged to franchisees for the use of the trademarks is calculated as a percentage of monthly sales of the restaurant and accrued for in line With restaurant sales. Revenue from displays and sponsorships are recognized based on the Period for which the products or the sponsor's advertisements are promoted/displayed. In respect of gift vouchers and point awards scheme operated by the company, sales are Recognized when the gift vouchers or points are redeemed and on sale of meals to customers.

#### Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

#### Dividend

Dividend income is recognized when the Company's right to receive the amount is Established.

### (e) Employee Benefits

#### i. Provident Fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company is generally liable for annual Contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the

Central Government and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Employee.

## **ii. Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees. For amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. The obligation determined as aforesaid less the fair value of the plan assets is reported as a liability or assets as of the reporting date. Actuarial gains and losses are recognised immediately in the Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

## **iii. Post-Retirement Pension Scheme**

a) The net present value of the Company's obligation towards post retirement pension scheme is actuarially determined, based on the projected unit credit method. Actuarial gains and losses are recognized immediately in the Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

b) The Company also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Company accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognized immediately in the Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

## **iv. Short Term Obligations**

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

## **(f) Property, Plant and Equipment :**

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any. All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it. First time issues of operating supplies for a new hotel property, consisting of linen and chinaware, glassware and silverware (CGS) are capitalised and depreciated over their estimated useful life. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Depreciation is charged to Statement of Profit and Loss so as to expense the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets had been re-assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

| <b>Class of Assets</b>                                         | <b>Useful Life of Asset</b> |
|----------------------------------------------------------------|-----------------------------|
| Buildings                                                      | 60 Years                    |
| Plant and Equipment                                            | 10 Years                    |
| Electrical Installation and Equipment                          | 20 Years                    |
| Hotel Wooden Furniture                                         | 15 Years                    |
| End User devices – Computers, Laptops etc                      | 6 Years                     |
| Operating supplies (issued on opening of a new hotel property) | 2 to 3 Years                |
| Other Miscellaneous Hotel Assets                               | 4 Years                     |

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

Freehold land is not depreciated.

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effect of any changes in estimates are accounted for on a prospective basis. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss. For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

#### **(g) Impairment of assets:**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

#### **(h) Foreign Currency Translation:**

The functional currency of the Company is Indian rupee

#### **Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value denominated in a foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

### (i) Inventories:

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost includes the fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

### (j) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### (i) Current tax:

Current tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### (ii) Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax liabilities and assets are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Minimum Alternative Tax ("MAT") credit forming part of Deferred tax assets is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(k) Provisions:**

Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Noncurrent provisions are discounted if the impact is material.

**(l) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds. Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(m) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash Flow for the year are classified by operating, investing and financing activities.

**(n) Earnings Per Share**

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

**(o) Exceptional items:**

The company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying trading performance of the company and provides consistency with the company's internal management reporting.

Exceptional items are identified by virtue of either their size or nature so as to facilitate Comparison with prior periods and to assess underlying trends in the financial performance of the company. Exceptional items can include, but are not restricted to, gains and losses on the disposal of assets/ investments, impairment charges, exchange gain/ loss on long term borrowings/ assets and changes in fair value of derivative contracts.

**(p) Financial Instruments****(i) Financial assets****Initial recognition and measurement**

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

## Classification

- **Cash and Cash Equivalents** – Cash comprises cash on hand and demand deposits with Banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

- **Debt Instruments** - The Company classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### (i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

### (ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

### (iii) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

- **Equity Instruments** - The Company subsequently measures all equity investments (other than the investment in subsidiaries, joint ventures and associates which are measured at cost) at fair value. Where the Company has elected to present fair value gains and losses on equity investments in Other Comprehensive Income ("FVOCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other when the Company's right to receive payment is established. At the date of transition to Ind AS, the Company has made an irrevocable election to present in other Comprehensive income subsequent changes in the fair value of equity investments that are not held for trading. When the equity investment is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

## De-recognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## (II) Financial liabilities

Initial recognition and measurement Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its

financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss directly attributable transaction costs. Subsequent measurement After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

### **De-recognition**

A financial liability is de-recognised 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated during the years reported, no hedge relationship was designated.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **(III) Impairment of financial assets**

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments, requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Company recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

### **(q) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt Instrument. Financial guarantee contracts issued by the Company are measured at their fair values and Recognised as income in the Statement of Profit and Loss. Where guarantees in relation to loans or other payables of group companies are provided for no compensation, the fair value are accounted for as contributions and recognised as part of cost of investment.

### **(r) Business combinations**

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

## Notes to Standalone Financial Statements

### 27. Earnings Per Share (Basic EPS)

| Particulars                                  | Current Year Rs. | Previous Year Rs. |
|----------------------------------------------|------------------|-------------------|
| Net Profit after Tax                         | (4,38,62,87,333) | (11,54,22,771)    |
| Weighted Average Number of Shares Considered | 4,24,05,224      | 4,24,05,224       |
| Basic EPS                                    | (103.44)         | (2.72)            |
| Diluted EPS                                  | (103.44)         | (2.72)            |

### 28. In relation of provision for Current Tax, Deferred Tax:

| Particulars        | Current Year Rs. | Previous Year Rs. |
|--------------------|------------------|-------------------|
| Deferred Tax Asset | 98,867,584       | 9,090,589         |

Note: The Company has not provided Current tax provision due to carry forward losses.

### 29. Auditors Remuneration:

| Particulars | Current Year Rs. | Previous Year Rs. |
|-------------|------------------|-------------------|
| Audit Fees  | 4,72,000         | 4,60,000          |

30. According to the information available with the Company, there are no amounts as at 31st March, 2017, due to suppliers who constitute a "small industrial undertaking".

### 31. Contingent Liabilities not provided for in respect of:-

i) Guarantees:

|                                                                                                                           |                 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|
| Guarantees given to bank for the Bank Guarantee limits availed by the company towards EPCG Bonds given to DGFT, Hyderabad | Rs. 16,22,500/- |
| Previous Year                                                                                                             | Rs. 16,22,500/- |

ii) Corporate Guarantee given to subsidiary company M/s Crustum Products Pvt Ltd for Rupee term loan of Rs. 8.65 Crores Sanctioned by Oriental Bank of Commerce.

iii) The company was holding a share in Equity Shares of Viceroy Bangalore Hotels Private Limited which was pledged to ASF Infrastructure Private Limited for obtaining a loan of Rs.25 crores for which there was a default in repayment , as a result the company ASF infrastructure Private Limited has confiscated the Share of 31.32% shareholding of Viceroy Hotels Limited in Viceroy Bangalore Hotels Private Limited with effect from 21-07-2017. The company has provided the interest amount in the books of accounts for the year 2016 and 2017. As per the communication received from ASF on dated: 27.02.2018 Rs.14.56 Crores has been disclosed in the books. On 31st March 2018, as per the final agreement letter received from ASF infrastructure the Loan amount becomes Rs.7,09,99,000/-

The company has given Corporate Guarantee to Viceroy Bangalore Hotels Limited which is not in compliance of provisions of Sec.186 of The Companies Act as per the Master Restructuring agreement signed on May 30th , 2017 of an amount Rs.317 Crores and the company has not disclosed the same in its Financial statements .

### 32. Expenditure in Foreign Currency:

| Particulars        | Current Year<br>Rs. In Crores | Previous Year<br>Rs.in Crores |
|--------------------|-------------------------------|-------------------------------|
| Royalties & Others | 4.29                          | 8.85                          |

### 33. Earning in Foreign exchange as reported by the company to the Ministry of Tourism, Government of India and as certified by the Management.

| Particulars                 | Current Year<br>Rs. In Crores | Previous Year<br>Rs.in Crores |
|-----------------------------|-------------------------------|-------------------------------|
| Earning in Foreign Exchange | 13.64                         | 13.47                         |

### 34. In relation of Secured (Term) Loans:

|                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asset Reconstruction Company of India Limited- Taken over from Axis Bank Limited | Subservient charge on movable and immovable assets of Hyderabad Marriott hotel and Subservient charge on movable and immovable fixed assets of company (except Bangalore and Chennai projects).<br><br>The existing Limit Further secured by Second Charge on Mortgage by Deposit of Title Deeds of Landed Properties In Sy.No.140 (new No. 181) admeasuring 14,092 Sq.yards (2) In Sy.No.139 admeasuring 346.72 Sq.Yards (3) 1-3-1-36/1 admeasuring 220 & 220 Sq.Yards (4) In Sy.No. 139 admeasuring 216.60, 216.60 and 216.60 Sq.Yards all are situated in Lower Tank Bund Road, Kavadi guda, Hyderabad. |
| Asset Reconstruction Company of India Limited– Taken over from IDFC Limited      | A first charge by way of hypothecation of all the Company's immovable properties movable plant and machinery etc. and on Receivables excluding the receivables required by Operator as operating expenses for operation of the Project, present and future, subject to prior charge of the working capital lenders for securing the working capital facilities to the maximum of Rs. 4 crores; and charge on all intangibles. Charge/assignment on all the Company's contracts/documents for the Projects.                                                                                                 |
| Asset Reconstruction Company of India Limited- Taken over from Axis Bank Limited | First pari passu charge on movable assets at Hyderabad Marriot Hotel b) First pari-passu charge on immovable assets of Hyderabad Marriott Hotel (by way of deposition title deeds with IDFC (at present with ARCIL) as an agent of Debenture Trustee)..                                                                                                                                                                                                                                                                                                                                                    |
| IARC Ltd – Taken over from Laxmi Vilas Bank                                      | Hypothecation of Machinery/Goods/ Stocks and Book Debts in business. Extension of equitable mortgage already created over the Land and Commercial Building Property situated at D. No. 3-6-199 and 3-6-199/1, Himayath Nagar, Hyderabad admeasuring 1416.66 sq.yards.                                                                                                                                                                                                                                                                                                                                      |
| Canara Bank                                                                      | First Charge on the entire fixed assets including mortgage over immovable assets and charge on movables) of Hyderabad Courtyard Hotel Project situated at Municipal Door NO. 1-3-1016 to 1024, lower tank bund Gandhi Nagar, Hyderabad                                                                                                                                                                                                                                                                                                                                                                     |
| State Bank Of India                                                              | First Charge on the entire fixed assets of proposed Hotel Courtyard, Hyderabad, ranking pari passu with other term lender i.e. Canara Bank, R.P. Road, Branch, Secunderabad, including Equitable Mortgage of Land admeasuring 6263 SqYds situated at Kavadi guda, Hyderabad.                                                                                                                                                                                                                                                                                                                               |
| Bank of Maharashtra                                                              | Hypothecation Of Stocks & Receivables Of "Countryard By Marriott" Hotel Situated At Gandhinagar, Lower Tank Bund Road, Hyderabad With Exclusive First Charge, Hypothecation Of Entire Current Assets, Present And Future Goods, Stocks, Of Raw Materials, Items, Inventories, Stocks, Present And Future Tangible And Intangible Assets Etc.,                                                                                                                                                                                                                                                              |

**35. Following are the pending litigations with income tax Department and contingent liabilities:**

a) Guarantee issued by the company to VBHP amount of Rs.317 crores.

b)

| Name of the Statute | Nature of Dues | Amount (Rs.)      | Period to which it relates | Pending Circle     |
|---------------------|----------------|-------------------|----------------------------|--------------------|
| Income Tax          | IncomeTax      | Rs.55,85,57,970/- | A.Y 2014-15                | Income Tax appeals |
| Income Tax          | Income Tax     | Rs.5,63,13,258/-  | A.Y 2013-14                | Income Tax appeals |

It is not possible to predict the outcome of the pending litigations with accuracy, the company believes, based on legal opinions received, that it has meritorious defences to the claims. The management believe the pending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations , cash flows or financial condition of the company.

**36. Gratuity:**

As per Ind AS, the company needs to get the actuarial report having actuarial gain/loss in order to report in other comprehensive income. However the company has obtained actuarial report in normal terms, but couldn't be able to obtain as per Ind AS actuarial gain / loss. The Company is in the process of obtaining the actuarial report as per Ind AS.

**37. Following are the amount outstanding and due to banks and other institutions:**

|                              |           |          | Amount in Crores (Rs.) |               |               |
|------------------------------|-----------|----------|------------------------|---------------|---------------|
| NAME OF THE BANK INSTITUTION |           |          | PRINCIPLE DUE          | INTEREST DUE  | TOTAL DUES    |
| ARCIL                        | Principal | Interest |                        |               |               |
| Axis Bank Ltd- NCDs          | 42.50     | 32.67    |                        |               |               |
| IDFC Ltd                     | 69.18     | 44.85    |                        |               |               |
| Axis Bank Ltd                | 20.00     | 14.27    | <b>131.68</b>          | <b>92.79</b>  | <b>224.47</b> |
| IARC LTD                     |           |          | 1.95                   | -             | 1.95          |
| State Bank of India          |           |          | 56.18                  | 50.55         | 106.73        |
| Canara Bank                  |           |          | 24.02                  | 34.81         | 58.83         |
| <b>Total</b>                 |           |          | <b>213.83</b>          | <b>178.15</b> | <b>391.98</b> |

The above balances outstanding are subject to confirmations from banks and other institutions

**38. In relation to Related Party Disclosures in compliance with Accounting Standard:**

| Name                     | Nature of Relationship with the company |
|--------------------------|-----------------------------------------|
| Shri. P. Prabhakar Reddy | Managing Director                       |
| Shri P.Chakradhar Reddy  | Director                                |
| Shri J.Daswanth Kumar    | CFO                                     |
| Sonam Jaiswal            | CS                                      |
| M.Sreedhar Singh         | CEO                                     |

|                                                  |                 |
|--------------------------------------------------|-----------------|
| M/s Cafe D' Lake Pvt. Ltd.                       | Subsidiary      |
| M/s Crustum Products Pvt. Ltd.                   | Subsidiary      |
| M/s Minerva Hospitalities Pvt. Ltd.              | Subsidiary      |
| M/s Viceroy Chennai Hotels & Resorts Pvt. Ltd    | Subsidiary      |
| M/s Banjara Hospitalities Private Limited        | Subsidiary      |
| M/s Viceroy Bangalore Hotels Pvt. Ltd.           | Associate       |
| M/s Parvath Investments Private Limited          | Common Director |
| M/s Parvath Reddy Investments Private Limited    | KMP is a Member |
| M/s Viceroy Hospitality Services Private Limited | Common Director |
| M/s Minerva Enterprises Private Limited          | Common Director |
| M/s Deva Infrastructure Private Limited          | Common Director |
| M/s Minerva Executive Apartments Private Limited | Common Director |

### Related Party Transactions during the year

| Particulars                                      | Nature of Relationship | Dr          | Cr           | Net           |
|--------------------------------------------------|------------------------|-------------|--------------|---------------|
| Prabhakar Reddy                                  | Managing Director      | 18,45,000   | 3,25,60,712  | -3,07,15,712  |
| Chakradhar Reddy                                 | Director               | 2,03,756    | 85,90,455    | -83,86,699    |
| Parvath Investments Private Limited              | Common Director        | 1,00,000    | 1,60,97,000  | -1,59,97,000  |
| Parvath Reddy Investments Private Limited        | KMP is a member        | 36,68,000   | -            | 36,68,000     |
| Viceroy Hospitality Services Private Limited     | Common Director        | -           | 83,00,000    | -83,00,000    |
| Minerva Enterprises Private Limited              | Common Director        | 7,69,70,436 | 15,54,10,253 | -7,84,39,817  |
| Deva Infrastructure Private Limited              | Common Director        | 74,520      | 1,89,98,907  | -1,89,24,387  |
| Minerva Executive Apartments Private Limited     | Common Director        | 1,81,000    | 19,69,68,354 | -19,67,87,354 |
| Viceroy Bangalore Hotels Private Limited         | Associate              | 46,83,436   | -            | 46,83,436     |
| Investments VBHPL                                | Associate              | -           | 65,09,91,806 | -65,09,91,806 |
| Banjara Hospitalities Private Limited            | Subsidiary             | 1,24,94,568 | 3,39,00,000  | -2,14,05,432  |
| Crustum Products Private Limited                 | Subsidiary             | -           | -            | -             |
| Minerva Hospitalities Private Limited            | Subsidiary             | -           | -            | -             |
| Café De Lake Private Limited                     | Subsidiary             | 1,23,15,390 | 1,42,69,890  | -19,54,500    |
| Viceroy Chennai Hotels & Resorts Private Limited | Subsidiary             | -           | -            | -             |

### 39. In Relation to immovable property

| S. No | Name of the Asset | Extent (In Sq Yards) | Place of Location                       |
|-------|-------------------|----------------------|-----------------------------------------|
| 1     | Land              | 1,070.00             | 1-3-1016 to 1021, Kavadiguda, Hyderabad |
| 2     | Land              | 193.00               | 1-3-1022, Kavadiguda, Hyderabad         |
| 3     | Land              | 800.00               | 1-3-1023, Kavadiguda, Hyderabad         |
| 4     | Land              | 4,192.45             | 1-3-1024, Kavadiguda, Hyderabad         |
| 5     | Land              | 649.80               | 1-3-1036, Kavadiguda, Hyderabad         |
| 6     | Land              | 440.00               | 1-3-1036/1, Kavadiguda, Hyderabad       |
| 7     | Land              | 346.72               | 1-3-1036/2, Kavadiguda, Hyderabad       |
| 8     | Land              | 14,092.00            | Sy.No 181 & 182, Kavadiguda, Hyderabad  |
|       | <b>Total</b>      | <b>21,783.97</b>     |                                         |

Properties mentioned in S.No 1 to 4 are originally in the name of Minerva Enterprises Pvt Ltd and these were transferred to the company through a scheme of arrangement approved by Hon'ble High of Court of Andhra Pradesh vide its order dated 1st May 2007. However, the revenue records are required to be updated to reflect the above title change. Properties mentioned in S.No 5 to 8 were originally in the name of Krishna Cold Drinks Pvt Ltd (the then name of Viceroy Hotels Limited). Subsequently company changes its name several times i.e. from Krishna Cold Drinks Private Limited to ShriKishna Bottlers Private Limited and further as Palace Heights Private Limited

Palace Heights Private Limited was converted as public limited Company namely Palace Heights Hotels Public Limited and finally became Viceroy Hotels Limited vide incorporation certificate of Registrar of Companies dated 21-09-2001. However, the revenue records are required to be updated to reflect the above name changes and conversions with regard to the title Properties mentioned in S.No.9 is originally in the name of ShriP.Prabhakar Reddy was invested by him as capital in a partnership firm which was subsequently converted as Minerva Enterprises Private Limited and this property was transferred to the company through a scheme of arrangement approved by Hon'ble High of Court of Andhra Pradesh vide its order dated 1st May 2007. However, the revenue records are required to be updated to reflect the above title change.

40. The Company's only business is Hoteliering and hence disclosure of segment-wise information is not applicable under Indian Accounting Standard 108- 'Segmental Information'. There is no geographical segment to be reported.

41. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary.

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

#### As Per Our Audit Report of Even date

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

**Lakshmi Prasanthi.S**  
**Partner**  
M.No:236578

Place: Hyderabad  
Date: 30.05.2018

#### FOR VICEROY HOTELS LIMITED

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2018

| PARTICULARS                                                         | Current Year<br>( ₹ ) | Previous Year<br>( ₹ ) |
|---------------------------------------------------------------------|-----------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                      |                       |                        |
| Net profit before tax                                               | (4,28,74,19,749)      | (10,63,32,182)         |
| <b>Adjustments for:</b>                                             |                       |                        |
| Depreciation and Amortization Expenses                              | 8,32,92,502           | 5,95,08,420            |
| Profit/Loss on sale of Fixed Assets (Net)                           | (13,35,49,201)        |                        |
| Finance Costs                                                       | 20,72,37,437          | 25,55,82,184           |
| Interest Income                                                     |                       |                        |
| Interest Expenses                                                   |                       |                        |
| Exceptional Items                                                   | 4,26,59,65,709        | 7,97,90,375            |
| <b>Cash Operating Profit before working capital changes</b>         | <b>13,55,26,698</b>   | <b>28,85,48,797</b>    |
| <b>Adjustments for (increase)/decrease in operating assets</b>      |                       |                        |
| Trade receivables                                                   | 57,49,581             | 11,33,82,056           |
| Inventories                                                         | (11,69,542)           | 14,02,878              |
| Other Current Assets                                                | 3,29,21,702           | (1,73,64,962)          |
| Non Current Loans                                                   | (83,66,04,930)        | 16,82,59,217           |
| Other Non Current Assets                                            | 89,20,006             | 70,65,501              |
| <b>Adjustments for increase/(decrease) in operating liabilities</b> |                       |                        |
| Borrowings                                                          | 82,70,855             | 1,47,58,181            |
| Short Term Provisions                                               | (10,61,36,061)        | (9,15,40,176)          |
| Trade Payables                                                      | 3,66,29,494           | 54,37,735              |
| Other Non Current Liabilities                                       | (4,38,343)            | (13,08,947)            |
| Other Current Liabilities                                           | (21,68,12,536)        | 34,96,07,183           |
| <b>Cash Generated from Operations</b>                               | <b>(93,31,43,077)</b> | <b>83,82,47,464</b>    |
| Direct Taxes - Refund / (paid)                                      | -                     | -                      |
| <b>Net Cash Generated From Operating Activities (A)</b>             | <b>(93,31,43,077)</b> | <b>83,82,47,464</b>    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                      |                       |                        |
| Purchase of fixed assets (net)                                      | (1,11,94,06,581)      | (11,31,136)            |
| Sale of Fixed Assets                                                | 17,86,00,000          |                        |
| Capital Work in Progress                                            | 1,26,18,47,033        | (61,51,50,637)         |
| Investments                                                         | 40,06,12,200          | 2,98,99,870            |
| Dividend Income                                                     |                       |                        |
| Interest Income                                                     |                       |                        |
| <b>Net Cash Generated/Used In Investing Activities (B)</b>          | <b>72,16,52,652</b>   | <b>(58,63,81,903)</b>  |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2018

| PARTICULARS                                                           | Current Year<br>(₹)  | Previous Year<br>(₹)  |
|-----------------------------------------------------------------------|----------------------|-----------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                        |                      |                       |
| Financing Charges                                                     | (20,72,37,437)       | (2,76,67,268)         |
| Proceeds from Share Capital                                           |                      |                       |
| Proceeds/ (Repayment) from Long Term Borrowings                       | 39,39,35,063         | (20,81,94,150)        |
| <b>Net Cash Generated/Used In Financing Activities (C)</b>            | <b>18,66,97,626</b>  | <b>(23,58,61,418)</b> |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>(2,47,92,799)</b> | <b>1,60,04,143</b>    |
| Opening Cash and Cash Equivalents as at 31st March,2017               | 1,34,52,812          | (25,51,331)           |
| Closing Cash and Cash Equivalents as at 31st March 2018               | (1,13,39,986)        | 1,34,52,812           |

Note: The Cash Flow Statement is prepared using the indirect method set out in IND AS 7- Statement of Cash Flows

### FOR VICEROY HOTELS LIMITED

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Lakshmi Prasanthi.S**  
Partner  
M.No:236578

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

Hyderabad  
30-05-2018

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of

**M/s VICEROY HOTELS LIMITED**

### **Report on the Consolidated IND AS Financial Statements**

We have audited the accompanying consolidated Ind AS Financial Statements of **VICEROY HOTELS LIMITED** (hereinafter referred to as "The Holding company") and its subsidiaries together referred to as ("the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred as "the consolidated Ind AS financial statements").

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

The respective Board of Directors of the companies included in the group, incorporated in India are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated 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 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 Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub- paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

## 1. Basis of Qualified Opinion:

- a. **Capital Work In Progress:** The Company has converted capital work in progress into Fixed Assets during the F.Y 2017-18 of an amount of Rs. 111.94 Crores. However the company has not submitted us any valuation certificate towards capitalization of fixed assets of Rs.111.94 crores , hence the depreciation claimed by the company an amount of Rs.3.56 crores , towards capitalized amount during the year is not ascertainable.
- b. **Forfeiture of Advance:** the company has forfeited an advance of amount Rs.134.65 Crores in the F.Y 2013-14 and adjusted in slump sale proceeds as disclosed in the annual report of F.Y 2013-14 , in the current financial year again the company has recognized the forfeited advances in the books of accounts as outstanding liability which is not in line with the IND As accounting policies , also the management of the company has not provided us any supporting document towards re recognition of such advances liability in the books of accounts of the current financial year 2017-18.
- c. **Corporate guarantee:** The Company Viceroy Hotels Limited has given corporate guarantee for an amount of Rs. 317 Crores to Edelweiss Asset Reconstruction Company Limited in respect of loans taken by Viceroy Bangalore hotels private limited in the previous years which is violating the provisions specified U/s 186 of The Companies Act 2013. The company has not obtained shareholders permission in the general meeting for such corporate guarantee given.
- d. **NCLT:** The Asset Reconstruction Company (India) Ltd (ARCIL) has filed Plea under Sec.7 of The Insolvency and Bankruptcy code -2016 against M/s Viceroy Hotels Limited for nonpayment of Loans and an Order has been received by the company from NCLT for the same. The company is in the process of corporate insolvency Resolution process , which may effect the Going concern of the company.
- e. **Loans From Banks or Financial Institutions:** During the current financial year, the company has not provided interest on the loans obtained from various Banks and Financial institutions which is not accordance with accepted accounting principles. Confirmations from banks and Financial institutions is not yet received., and all the loans obtained has been turned out into NPA's.
- f. **Statutory Dues:** The Company has not paid the statutory dues for more than 6 months as per the books of accounts and records maintained by the companies is as follows:

| Sl.No | Particulars  | Amount (Rs. )        |
|-------|--------------|----------------------|
| 1.    | TDS          | 3,47,38,983/-        |
| 2.    | ESI          | 15,177/-             |
| 3.    | PF           | 1,22,949/-           |
|       | <b>Total</b> | <b>3,48,77,109/-</b> |

- g. **Trade Payables and Trade Receivables:** The Trade payables and Trade receivables of Rs. 19,05,100/- and Rs. 10,32,13,822/- Respectively could not be verified as confirmation of balances is not received.
- h. **Exceptional items:** The company has written off various current and non current assets during the year for which there is no provision has been created by the company upto previous year and as per the board these assets will not generate any future cash flows.

- i. **Going Concern:** The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's abilities to continue as going concern. In the event that the going concern assumption of the company is inappropriate, adjustments will have to be made as not a going concern. However the financials has not been made with such adjustments for the F.Y 2017-18.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of our observations stated in "Basis of Qualified Opinion paragraph" above, the aforesaid Ind AS Consolidated 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 (financial Position) of the Company as at 31st March 2018, its Loss(financial performance including other comprehensive income/Loss) and its cash flows and changes in equity for the year ended on that date.

### Other matter:

We didn't audited the financial statements and other financial information, in respect of all the five subsidiaries , whose IND AS financial statements include total assets of Rs. 16,824.97/- lakhs as at 31st march,2018 and total revenues of Rs.3624.35/- lakhs and for the quarter and year ended on that date respectively. These IND AS financial statements of such subsidiary and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's report have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditor's.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - a) 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 except for those given in "Basis of Qualified Opinion" Paragraph of our audit report.
- b) The matters described in Basis of Qualified opinion paragraph above, in our opinion may have an adverse effect on the functioning of the company.
- c) The matters described in Basis of Qualified opinion paragraph above, in our opinion may have an adverse effect on the functioning of the company.
- d) Due to the possible effects of the matter described in the Basis for Qualified Opinion paragraph, we are unable to state whether the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.
- e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2018, and taken on record by the Board of Directors of the Holding Company and our report on the financial statements of its subsidiary company in India, none of the directors of the Holding Company and its subsidiary is 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 the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies

(Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The consolidated financial statements disclose the impact, if any, of pending litigation as at March 31, 2018 on the consolidated financial position of the Group. (Refer Note 39 to the consolidated financial statements.)
- b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Place: Hyderabad  
Date: 30-05-2018

Sd/-  
**Lakshmi Prasanthi.S**  
**Partner**  
M.No:236578

### **Annexure B to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of **VICEROY HOTELS LIMITED** ('the holding company') and its subsidiaries (The holding company and its subsidiaries (incorporated in India) together referred to as "the Group") as of 31st March 2018 in conjunction with our audit of IND AS Consolidated Financial Statements of the company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and 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 risk of material misstatement of the IND AS Financial Statements, whether due to fraud or error.

Because of the matters described in the Basis of Qualified Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on internal financial controls.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of IndAS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 Ind AS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

### **Inherent Limitation of Internal Financial Controls over Financial Reporting**

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

### **Basis of Qualified Opinion:**

1. The company did not have appropriate internal controls for confirmation and reconciliation of trade receivables, trade payables, other current assets and current liabilities.
2. The company did not have fixed asset registers and cost records.
3. The company has written off various assets and liabilities as exceptional items due to which we couldn't get appropriate audit evidence in relation to internal financial controls over financial reporting.

As a result of these matters, we have not been able to obtain sufficient and appropriate audit evidence in relation to Internal Financial Controls over Financial Reporting and consequently we are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2018.

### **Qualified Opinion**

In our opinion, the company has, in all material respects, except for the matters described in Basis of Qualified opinion paragraph, 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 Institute Of Chartered Accountants of India.

**Other Matters:**

Our report u/s 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company in so far as it relates to 5 subsidiary companies which are incorporated in India, is based solely on the corresponding reports of respective auditors of such subsidiaries incorporated in India.

We have considered material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 consolidated financial statements of the Company and these material weaknesses affect

Our opinion on consolidated financial statements of the Company for the year ended 31st March 2018 [our audit report dated May 30th 2018, which expressed an qualified opinion on those consolidated financial statements of the Company.

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Place: Hyderabad

Date: 30/05/2018.

Sd/-  
**Lakshmi Prasanthi. S**  
**Partner**  
M.No:236578

**Annexure B to the Independent Auditor's Report****Report on the Internal Financial Controls over Financial Reporting under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')**

We have audited the internal financial controls over financial reporting of VICEROY HOTELS LIMITED ('the holding company') and its subsidiaries (The holding company and its subsidiaries (incorporated in India) together referred to as "the Group") as of 31st March 2018 in conjunction with our audit of IND AS Consolidated Financial Statements of the company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and 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 risk of material misstatement of the IND AS Financial Statements, whether due to fraud or error.

Because of the matters described in the Basis of Qualified Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on internal financial controls.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of IndAS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 Ind AS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

### **Inherent Limitation of Internal Financial Controls over Financial Reporting**

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

### **Basis of Qualified Opinion:**

1. The company did not have appropriate internal controls for confirmation and reconciliation of trade receivables, trade payables, other current assets and current liabilities.
2. The company did not have fixed asset registers.
3. The company has written off various assets and liabilities as exceptional items due to which we couldn't get appropriate audit evidence in relation to internal financial controls over financial reporting.

As a result of these matters, we have not been able to obtain sufficient and appropriate audit evidence in relation to Internal Financial Controls over Financial Reporting and consequently we are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2018.

### **Qualified Opinion**

In our opinion, the company has, in all material respects, except for the matters described in Basis of Qualified opinion paragraph, 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 Institute Of Chartered Accountants of India.

**Other Matters:**

Our report u/s 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company in so far as it relates to 5 subsidiary companies which are incorporated in India, is based solely on the corresponding reports of respective auditors of such subsidiaries incorporated in India.

We have considered material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 consolidated financial statements of the Company and these material weaknesses affect

Our opinion on consolidated financial statements of the Company for the year ended 31st March 2018 [our audit report dated May 30th 2018, which expressed an qualified opinion on those consolidated financial statements of the Company.

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Place: Hyderabad  
Date: 30/05/2018.

Sd/-  
**Lakshmi Prasanthi. S**  
**Partner**  
M.No:236578

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018 (Ind AS)

| PARTICULARS                             | Notes | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-----------------------------------------|-------|-------------------------|-------------------------|
| <b>I. ASSETS:</b>                       |       |                         |                         |
| <b>1. Non Current Assets:</b>           |       |                         |                         |
| a) Property, Plant and Equipment        | 3     | 2,82,03,70,170          | 1,86,97,26,025          |
| b) Capital Work in Progress             |       | 91,93,25,391            | 4,36,56,21,230          |
| c) Financial Assets                     |       |                         |                         |
| i) Non Current Investments              |       |                         | 1,29,88,51,128          |
| ii) Loans                               | 4     | 19,54,94,788            | 1,23,32,70,925          |
| iii) Other Non Current Financial Assets |       | -                       | -                       |
| d) Deferred Tax Asset                   |       |                         |                         |
| e) Other Non Current Assets             | 5     | 12,23,44,005            | 7,53,65,863             |
| <b>Total Non-Current Assets</b>         |       | <b>4,05,75,34,353</b>   | <b>8,84,28,35,171</b>   |
| <b>2. Current Assets:</b>               |       |                         |                         |
| a) Inventories                          | 6     | 1,59,25,342             | 1,70,74,168             |
| b) Financial Assets                     |       |                         |                         |
| i) Investments                          |       |                         |                         |
| ii) Trade Receivables                   | 7     | 11,59,01,166            | 12,20,48,842            |
| iii) Cash and Cash Equivalents          | 8     | (81,15,398)             | 4,22,98,669             |
| iv) Other Balances with Bank            |       |                         |                         |
| v) Loans                                |       |                         |                         |
| vi) Other Financial Assets              |       |                         |                         |
| c) Other Current Assets                 | 9     | 23,54,32,159            | 24,88,86,649            |
| <b>Total Current Assets</b>             |       | <b>35,91,43,268</b>     | <b>43,03,08,328</b>     |
| <b>TOTAL ASSETS</b>                     |       | <b>4,41,66,77,621</b>   | <b>9,27,31,43,500</b>   |
| <b>II. EQUITY AND LIABILITIES:</b>      |       |                         |                         |
| <b>Equity</b>                           |       |                         |                         |
| a) Equity Share Capital                 | 10    | 42,40,52,240            | 42,40,52,240            |
| b) Other Equity                         | 11    | (4,07,65,30,540)        | 1,20,23,67,544          |
| <b>Total Equity</b>                     |       | <b>(3,65,24,78,300)</b> | <b>1,62,64,19,784</b>   |

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018 (Ind AS)

| PARTICULARS                           | Notes | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|---------------------------------------|-------|-------------------------|-------------------------|
| <b>Liabilities</b>                    |       |                         |                         |
| 1. Non Current Liabilities:           |       |                         |                         |
| a) Financial Liabilities              |       |                         |                         |
| i) Borrowings                         | 12    | 5,28,78,82,868          | 4,60,45,69,466          |
| ii) Other Financial Liabilities       |       |                         |                         |
| b) Provisions                         |       |                         |                         |
| c) Deferred Tax Liabilities (Net)     | 13    | 30,28,36,438            | 20,31,95,369            |
| d) Other Non Current Liabilities      | 14    | 95,04,388               | 99,42,731               |
| <b>Total Non-Current Liabilities</b>  |       | <b>5,60,02,23,694</b>   | <b>4,81,77,07,567</b>   |
| <b>2. Current Liabilities:</b>        |       |                         |                         |
| a) Financial Liabilities              |       |                         |                         |
| i) Borrowings                         | 15    | 4,48,60,697             | 3,55,26,216             |
| ii) Trade Payables                    | 16    | 30,10,12,193            | 23,21,63,636            |
| iii) Other Financial Liabilities      |       | -                       | -                       |
| b) Provisions                         |       |                         |                         |
| (i) Current Provisions                | 17A   | 12,83,50,234            | 13,47,09,899            |
| (ii) Current Tax Liability            | 17B   | 16,55,987               | 20,58,049               |
| c) Other Current Liabilities          | 18    | 1,99,30,53,115          | 2,42,45,58,349          |
| <b>Total Current Liabilities</b>      |       | <b>2,46,89,32,227</b>   | <b>2,82,90,16,149</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> |       | <b>4,41,66,77,621</b>   | <b>9,27,31,43,500</b>   |

Summary of significant accounting policies 2.1

The accompanying notes 1 to 43 are an integral part of the financial statements

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Sd/-  
**Lakshmi Prasanthi.S**  
Partner  
M.No:236578

Hyderabad  
30-05-2018

### FOR VICEROY HOTELS LIMITED

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

| PARTICULARS                                                                       | Notes | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-----------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>INCOME</b>                                                                     |       |                         |                         |
| Revenue from Operations                                                           | 20    | 1,18,10,39,091          | 1,24,48,16,159          |
| Other income                                                                      | 21    | 19,03,98,058            | 3,82,01,109             |
| <b>TOTAL INCOME</b>                                                               |       | <b>1,37,14,37,149</b>   | <b>1,28,30,17,268</b>   |
| <b>EXPENSES</b>                                                                   |       |                         |                         |
| Food and beverages consumed                                                       | 21    | 31,37,02,470            | 29,06,78,031            |
| Employees benefit Expenses                                                        | 22    | 30,64,89,973            | 29,82,29,151            |
| Finance Costs                                                                     | 23    | 22,72,16,819            | 27,95,31,481            |
| Depreciation and Amortisation Expenses                                            | 3     | 10,39,07,171            | 8,83,88,367             |
| Other Operating and General Expenses                                              | 24    | 48,81,45,762            | 40,68,94,189            |
| <b>TOTAL EXPENSES</b>                                                             |       | <b>1,43,94,62,195</b>   | <b>1,36,37,21,219</b>   |
| <b>Profit/(Loss) before exceptional items and tax</b>                             |       | <b>(6,80,25,046)</b>    | <b>(8,07,03,951)</b>    |
| Exceptional Items                                                                 | 25    | 4,26,59,65,709          | 7,97,90,375             |
| Profit/(Loss) before tax                                                          |       | (4,33,39,90,755)        | (16,04,94,326)          |
| Tax Expenses:                                                                     |       |                         |                         |
| (1) Current Tax                                                                   |       | -                       | 4,02,062                |
| (2) Deferred Tax                                                                  |       | 9,96,41,069             | 95,89,369               |
| <b>Total</b>                                                                      |       |                         |                         |
| <b>Profit (Loss) after Tax for the period</b>                                     |       | <b>(4,43,36,31,824)</b> | <b>(17,04,85,757)</b>   |
| <b>Share of Profit of Associate</b>                                               |       |                         | <b>2,47,25,628</b>      |
| <b>Other Comprehensive Income</b>                                                 |       |                         |                         |
| A. (i) Items that will not be reclassified subsequently to Profit or Loss         |       |                         |                         |
| (ii) Income Tax relating to items that will not be reclassified to profit or loss |       |                         |                         |
| B. (i) Items that will be reclassified subsequently to Profit or Loss             |       |                         |                         |
| (ii) Income Tax relating to items that will be reclassified to profit or loss     |       |                         |                         |
| <b>Total (Net of Tax)</b>                                                         |       | <b>0</b>                | <b>0</b>                |
| <b>Total Comprehensive Income for the year</b>                                    |       | <b>(4,43,36,31,824)</b> | <b>(14,57,60,129)</b>   |
| <b>Earnings Per Share:</b>                                                        |       |                         |                         |
| a) Basic (Rs.)                                                                    |       | (104.55)                | (3.44)                  |
| b) Diluted (Rs.)                                                                  |       | (104.55)                | (3.44)                  |
| Face Value per Equity Share                                                       |       |                         |                         |

Summary of significant accounting policies 2.1  
The accompanying notes 1 to 27 are an integral part of the financial statements

**FOR VICEROY HOTELS LIMITED**

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)

**Chartered Accountants,**  
**Firm Registration no: 016016S**

Sd/-  
**Lakshmi Prasanthi.S**  
Partner  
M.No:236578  
Hyderabad  
30-05-2018

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

# NOTE NO 3 : PROPERTY, PLANT & EQUIPMENT

(Rs. In Lacs)

| Particulars                        | Land                | Buildings             | Furnitures and Fixtures | Air Conditioners    | Electrical Fittings | Vehicles           | Plant & Machinery   | Office Equipment   | Computers          | Civil Works        | Generator        | Misc. Fixed Assets  | Total                 |
|------------------------------------|---------------------|-----------------------|-------------------------|---------------------|---------------------|--------------------|---------------------|--------------------|--------------------|--------------------|------------------|---------------------|-----------------------|
| <b>Cost at</b>                     |                     |                       |                         |                     |                     |                    |                     |                    |                    |                    |                  |                     |                       |
| As at 1st April 2016               | 37,51,71,780        | 1,73,59,22,871        | 49,07,03,071            | 16,04,27,348        | 21,91,32,676        | 8,81,34,565        | 25,39,38,684        | 1,27,43,411        | 1,13,49,056        | 6,37,99,328        | 13,65,000        | 38,54,03,178        | 3,79,80,90,967        |
| Additions During the Year          | -                   | -                     | 18,59,075               | -                   | 2,11,482            | 11,31,136          | 35,40,205           | 1,48,500           | 9,34,926           | 22,82,864          | -                | -                   | 80,17,631             |
| Pre Operative Expenses             | -                   | -                     | 2,36,489                | -                   | 51,083              | -                  | 1,22,910            | -                  | 8,249              | 1,54,316           | -                | -                   | -                     |
| Disposals During the Year          | -                   | -                     | -                       | -                   | -                   | 57,60,797          | -                   | -                  | -                  | -                  | -                | -                   | 57,60,797             |
| <b>As at 31st March 2017</b>       | <b>37,51,71,780</b> | <b>1,73,59,22,871</b> | <b>49,27,98,635</b>     | <b>16,04,27,348</b> | <b>21,93,95,240</b> | <b>8,35,04,904</b> | <b>25,76,01,799</b> | <b>1,28,91,911</b> | <b>1,22,92,231</b> | <b>6,62,16,508</b> | <b>13,65,000</b> | <b>38,54,03,178</b> | <b>3,80,29,91,405</b> |
| Additions During the Year          | -                   | 37,31,97,014          | 14,33,56,122            | -                   | 10,70,86,099        | 41,476             | 50,03,80,422        | -                  | 95,593             | 3,000              | -                | -                   | 1,12,41,59,726        |
| Disposals During the Year          | 1,00,000            | 3,08,69,798           | 4,24,29,314             | -                   | 29,81,664           | 5,23,52,716        | 4,01,58,408         | 11,14,259          | 15,21,242          | 99,82,827          | 13,65,000        | 2,08,15,054         | 20,36,90,282          |
| <b>As at 31st March 2018</b>       | <b>37,50,71,780</b> | <b>2,07,82,50,087</b> | <b>59,37,25,443</b>     | <b>16,04,27,348</b> | <b>32,34,99,675</b> | <b>3,11,93,664</b> | <b>71,76,23,813</b> | <b>1,17,77,652</b> | <b>1,08,66,582</b> | <b>5,62,36,681</b> | <b>-</b>         | <b>36,45,88,124</b> | <b>4,72,34,60,849</b> |
| <b>Depreciation / Amortization</b> |                     |                       |                         |                     |                     |                    |                     |                    |                    |                    |                  |                     |                       |
| As at 1st April 2016               | -                   | 58,76,50,798          | 39,47,01,379            | 14,53,30,010        | 16,78,40,731        | 4,68,54,574        | 11,47,71,401        | 1,04,48,551        | 95,82,194          | 97,49,531          | 12,35,913        | 35,67,11,931        | 1,84,48,77,013        |
| Provided for the Year              | -                   | 2,13,71,597           | 1,81,46,693             | 42,33,982           | 1,24,61,803         | 84,51,189          | 1,69,65,352         | 5,70,151           | 9,93,765           | 9,50,716           | 60,837           | 41,82,282           | 8,83,88,367           |
| Deductions During the Year         | -                   | -                     | -                       | -                   | -                   | -                  | -                   | -                  | -                  | -                  | -                | -                   | -                     |
| <b>As at 31st March 2017</b>       | <b>-</b>            | <b>60,90,22,395</b>   | <b>41,28,48,072</b>     | <b>14,95,63,992</b> | <b>18,03,02,534</b> | <b>5,53,05,763</b> | <b>13,17,36,753</b> | <b>1,10,18,702</b> | <b>1,05,75,959</b> | <b>1,07,00,247</b> | <b>12,96,750</b> | <b>36,08,94,213</b> | <b>1,93,32,65,380</b> |
| Provided for the Year              | -                   | 2,48,28,441           | 2,09,79,370             | 28,41,988           | 1,41,71,809         | 61,74,251          | 2,94,10,780         | 4,82,438           | 8,15,676           | 8,88,426           | -                | 33,13,991           | 10,39,07,171          |
| Deductions During the Year         | -                   | 91,10,095             | 3,94,31,338             | -                   | 24,22,470           | 3,15,30,917        | 3,09,55,245         | 7,10,276           | 10,78,960          | 24,46,001          | 12,96,750        | 1,50,99,821         | 13,40,81,871          |
| <b>As at 31st March 2018</b>       | <b>-</b>            | <b>62,47,40,741</b>   | <b>39,43,96,104</b>     | <b>15,24,05,980</b> | <b>19,20,51,873</b> | <b>2,99,49,098</b> | <b>13,01,92,288</b> | <b>1,07,90,865</b> | <b>1,03,12,676</b> | <b>91,42,672</b>   | <b>-</b>         | <b>34,91,08,383</b> | <b>1,90,30,90,680</b> |
| <b>Net Carrying Value</b>          |                     |                       |                         |                     |                     |                    |                     |                    |                    |                    |                  |                     |                       |
| As at 1st April 2016               | 37,51,71,780        | 1,14,82,72,073        | 9,60,01,692             | 1,50,97,338         | 5,12,91,945         | 4,12,79,991        | 13,91,67,283        | 22,94,860          | 17,66,862          | 5,40,49,797        | 1,29,087         | 2,86,91,247         | 1,95,32,13,954        |
| As at 31st March 2017              | 37,51,71,780        | 1,12,69,00,476        | 7,99,50,563             | 1,08,63,356         | 3,90,92,706         | 2,81,99,141        | 12,58,65,046        | 18,73,209          | 17,16,272          | 5,55,16,261        | 88,250           | 2,45,08,965         | 1,86,97,26,025        |
| As at 31st March 2018              | 37,50,71,780        | 1,45,35,09,346        | 19,93,29,338            | 80,21,368           | 13,14,47,802        | 12,44,566          | 58,76,31,525        | 9,86,787           | 5,53,907           | 4,70,94,010        | -                | 1,54,79,741         | 2,82,03,70,170        |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                  | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|----------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 4 : LOANS</b>                     |                         |                         |
| Advances                                     | 6,61,51,950             | 3,42,85,128             |
| Security Deposit                             | 4,52,220                | 7,14,68,851             |
| Secured, considered good                     | 2,23,21,959             | 2,10,22,487             |
| Unsecured, considered good                   | 9,37,425                | 16,54,996               |
| Capital Advances                             | -                       | -                       |
| Unsecured, Considered good                   | 99,00,658               | 94,49,02,773            |
| Subsidiary / Associate Company advances      | -                       | 16,45,96,085            |
| Unamortised Expenses                         | -                       | -                       |
| Other Advances                               | (44,05,105)             | (3,92,18,564)           |
| Advances recoverable in cash or in kind      | 9,21,35,681             | 3,15,59,168             |
| Other Advances                               | 80,00,000               | 30,00,000               |
| <b>Total Loans</b>                           | <b>19,54,94,788</b>     | <b>1,23,32,70,925</b>   |
| <b>NOTE NO 5 : OTHER NON CURRENT ASSETS</b>  |                         |                         |
| Other Current Assets                         | 1,52,14,145             | 2,41,34,151             |
| Unamortised Expenses                         | 10,71,29,860            | 5,12,31,712             |
| <b>Total Other Non Current Assets</b>        | <b>12,23,44,005</b>     | <b>7,53,65,863</b>      |
| <b>NOTE NO 6 : INVENTORIES</b>               |                         |                         |
| Finished Goods                               | -                       | -                       |
| Other Inventory                              | 8,67,558                | 8,67,558                |
| Food Inventory                               | 19,91,570               | 21,92,592               |
| Beverage Inventory                           | 1,29,23,261             | 1,38,57,018             |
| Tobacco Inventory                            | 1,42,953                | 1,57,000                |
| <b>Total Inventory</b>                       | <b>1,59,25,342</b>      | <b>1,70,74,168</b>      |
| <b>NOTE NO 7 : TRADE RECEIVABLES</b>         |                         |                         |
| Current - Unsecured                          |                         |                         |
| Considered Good                              | 11,59,01,166            | 12,20,48,842            |
| <b>Total</b>                                 |                         |                         |
| Less: Allowance for Bad and Doubtful Debts   |                         |                         |
| <b>Total Trade Receivables</b>               | <b>11,59,01,166</b>     | <b>12,20,48,842</b>     |
| <b>NOTE NO 8 : CASH AND CASH EQUIVALENTS</b> |                         |                         |
| Balances with Banks :                        |                         |                         |
| On Current Accounts                          | (1,05,89,596)           | 3,77,92,868             |
| Cash on Hand                                 | 24,74,197               | 45,05,801               |
| <b>Total Cash and Cash Equivalents</b>       | <b>(81,15,398)</b>      | <b>4,22,98,669</b>      |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                             | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-----------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 9 : OTHER CURRENT ASSETS</b> |                         |                         |
| Advance to Employees                    | (26,729)                | 7,04,003                |
| Prepaid Expenses                        | 1,34,26,765             | 5,93,78,435             |
| TDS recievable                          | 42,82,352               | 63,58,313               |
| Security Deposit                        | 1,45,98,732             | 1,68,61,422             |
| Advances to Related Parties             | -                       | -                       |
| Advances Recoverable in Cash or in kind | 13,46,23,152            | 11,50,06,580            |
| Interest Accrued on Deposits            | 1,15,337                | 1,15,337                |
| Advance Tax and Others                  | 2,08,62,387             | 1,58,82,731             |
| Other Advances                          | 4,75,50,163             | 3,45,79,829             |
| Other Current Assets                    | -                       | -                       |
| <b>Total Other Current Assets</b>       | <b>23,54,32,159</b>     | <b>24,88,86,649</b>     |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                                                                                                                       | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 10 : SHARE CAPITAL</b>                                                                                                                 |                         |                         |
| <b>Authorised Share Capital</b>                                                                                                                   |                         |                         |
| 4,50,00,000 Equity Shares of Rs.10 each<br>(March 31,2017: 4,50,00,000 Shares of Rs.10 each)<br>(April 1,2016: 4,50,00,000 Shares of Rs.10 each)  | 45,00,00,000            | 45,00,00,000            |
| 10,00,000 Preference shares of Rs.100 each<br>(March 31,2017: 10,00,000 Shares of Rs.100 each)<br>(April 1,2016: 10,00,000 Shares of Rs.100 each) | 10,00,00,000            | 10,00,00,000            |
| <b>Issued Share Capital</b>                                                                                                                       |                         |                         |
| 4,24,05,224 Equity Shares of Rs.10 each<br>(March 31,2017: 4,24,05,224 Shares of Rs.10 each)<br>(April 1,2016: 4,24,05,224 Shares of Rs.10 each)  | 42,40,52,240            | 42,40,52,240            |
| <b>Subscribed and Paid up</b>                                                                                                                     |                         |                         |
| 4,24,05,224 Equity Shares of Rs.10 each<br>(March 31,2017: 4,24,05,224 Shares of Rs.10 each)<br>(April 1,2016: 4,24,05,224 Shares of Rs.10 each)  | 42,40,52,240            | 42,40,52,240            |

### a.Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

|                                             | 31st March 2018    |                     | 31st March 2017    |                     |
|---------------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                             | Number             | Rupees              | Number             | Rupees              |
| At the beginning of the period              | 4,24,05,224        | 42,40,52,240        | 4,24,05,224        | 42,40,52,240        |
| Issued during the period -                  | -                  | -                   | -                  | -                   |
| <b>Outstanding at the end of the period</b> | <b>4,24,05,224</b> | <b>42,40,52,240</b> | <b>4,24,05,224</b> | <b>42,40,52,240</b> |

### b. Terms/rights attached to equity shares.

The company has only one class of equity shares having a face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 st March 2018, the amount of per share dividend recognized as distributions to equity shareholders is Nil.

### c. Share warrants

The company has not issued any share warrants.

### d. Details of shareholders holding more than 5% shares in the company

| Particulars                                   | 31 Mar 2018      |           | 31 March 2017    |           |
|-----------------------------------------------|------------------|-----------|------------------|-----------|
|                                               | Number of shares | % holding | Number of shares | % holding |
| Equity shares of Rs. 10/- each fully paid-up  |                  |           |                  |           |
| Crest Logistics and Engineers Private Limited | 25,00,000        | 5.90%     | 25,00,000        | 5.90%     |
| Chakradhar Reddy Parvath Reddy                | 27,89,351        | 6.58%     | 40,39,351        | 9.53%     |
| Jhunjunwala Rakesh Radheshyam                 | -                | 0.00%     | 52,07,566        | 12.28%    |

**Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018**  
**NOTE NO 11 : OTHER EQUITY**

| Other Equity                                                       |                                                 |                    |                            |                              |                     |                 |                   |                            |
|--------------------------------------------------------------------|-------------------------------------------------|--------------------|----------------------------|------------------------------|---------------------|-----------------|-------------------|----------------------------|
| Particulars                                                        | Equity Component of Other Financial Instruments | Reserves & Surplus |                            |                              |                     |                 |                   | Total Equity               |
|                                                                    |                                                 | Capital Reserve    | Securities Premium Reserve | Debenture Redemption Reserve | Revaluation Reserve | General Reserve | Retained Earnings | Other Comprehensive Income |
| <b>Balance as at 1st April 2016</b>                                |                                                 | 74,33,996          | 2,44,78,87,294             | 5,00,00,000                  | 79,19,430           | 3,20,25,000     | (1,31,58,73,780)  | 1,22,93,91,940             |
| Total Of Other Comprehensive Income (Net of Tax)                   |                                                 |                    |                            |                              |                     |                 |                   |                            |
| Share of Profit of Associate                                       |                                                 |                    |                            |                              |                     |                 | 2,47,25,628       |                            |
| Addition during the Year                                           |                                                 |                    | 16,81,86,989               |                              |                     |                 |                   |                            |
| Dividend (Including Dividend Distribution Tax) Profit For The Year |                                                 |                    |                            |                              |                     |                 | (17,04,85,756)    |                            |
| <b>Balance as at 31st March, 2017</b>                              |                                                 | 74,33,996          | 2,61,60,74,283             | 5,00,00,000                  | 79,19,430           | 3,20,25,000     | (1,51,10,85,164)  | 1,20,23,67,544             |
| Total Of Other Comprehensive Income (Net of Tax)                   |                                                 |                    |                            |                              |                     |                 |                   |                            |
| Dividend (Including Dividend Distribution Tax) Profit For The Year |                                                 |                    |                            |                              |                     |                 | (4,43,14,40,823)  |                            |
| <b>Balance as at 31st March, 2018</b>                              |                                                 | 74,33,996          | 1,71,77,85,670             | 5,00,00,000                  | 79,19,430           | 3,20,25,000     | (5,89,16,94,635)  | (4,07,65,30,540)           |

# Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

## NOTE NO 12 : BORROWINGS

| Particulars                                | Effective rate of interest | Maturity | March 31, 2018 |                       | March 31, 2017 |                       |
|--------------------------------------------|----------------------------|----------|----------------|-----------------------|----------------|-----------------------|
|                                            |                            |          | Face Value     | Amortised cost        | Face Value     | Amortised cost        |
| <b>Non Convertible Debentures</b>          |                            |          |                |                       |                |                       |
| Secured                                    |                            |          |                |                       |                |                       |
| 14% Non-Convertible Debentures             |                            |          | 58,19,25,928   | 58,19,25,928          | 62,50,00,000   | 62,50,00,000          |
| <b>Term Loan From Banks</b>                |                            |          |                |                       |                |                       |
| Secured                                    |                            |          |                |                       |                |                       |
| From Banks and financial institutions      |                            |          |                | 2,68,99,79,151        |                | 2,71,61,64,706        |
| From IARC & EARC                           |                            |          |                | 3,26,00,000           |                | 15,91,60,000          |
| <b>Unsecured</b>                           |                            |          |                |                       |                |                       |
| From Related Parties                       |                            |          |                | 2,71,48,903           |                | 2,42,97,195           |
| From Banks                                 |                            |          |                | -                     |                | 1,91,91,363           |
| <b>Loans From Others</b>                   |                            |          |                |                       |                |                       |
| Secured                                    |                            |          |                |                       |                |                       |
| Unsecured                                  |                            |          |                |                       |                |                       |
| Less: Current maturities of long term debt |                            |          |                | 1,95,62,28,886        |                | 12,59,57,703          |
|                                            |                            |          |                |                       |                | 93,47,98,500          |
| <b>Total</b>                               |                            |          |                | <b>5,28,78,82,868</b> |                | <b>4,60,45,69,466</b> |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                                          | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 13 : DEFERRED TAX LIABILITY</b>                           |                         |                         |
| Opening Balance                                                      | 20,31,95,369            | 19,36,06,000            |
| Add/(Less): Provision of Deferred tax charge / (Credit) for the year | 9,96,41,069             | 95,89,369               |
| <b>Closing Balance</b>                                               | <b>30,28,36,438</b>     | <b>20,31,95,369</b>     |
| <b>NOTE NO 14 : OTHER NON CURRENT LIABILITIES</b>                    |                         |                         |
| Advance from Customers                                               | 95,04,388               | 99,42,731               |
| <b>Total</b>                                                         | <b>95,04,388</b>        | <b>99,42,731</b>        |
| <b>NOTE NO 15 : BORROWINGS</b>                                       |                         |                         |
| Cash Credit and Working Capital loan From Banks                      |                         |                         |
| Secured                                                              | 4,48,60,697             | 3,55,26,216             |
| <b>Total</b>                                                         | <b>4,48,60,697</b>      | <b>3,55,26,216</b>      |
| <b>NOTE NO 16 : TRADE PAYABLES</b>                                   |                         |                         |
| Suppliers                                                            | 29,73,55,233            | 22,97,06,676            |
| Advance from Customers                                               | 36,56,960               | 24,56,960               |
| <b>Total Trade Payables</b>                                          | <b>30,10,12,193</b>     | <b>23,21,63,636</b>     |
| <b>NOTE NO 17A : PROVISIONS</b>                                      |                         |                         |
| <b>Provision for Employee Benefits</b>                               |                         |                         |
| Provision for Gratuity                                               | 88,74,931               | 1,43,92,841             |
| Provision for Bonus                                                  | (9,61,700)              | 39,58,682               |
| Provision for Management Deferred License                            | -                       | 8,71,47,680             |
| Provision for accruals                                               | 10,77,34,391            | 1,65,10,241             |
| <b>Others</b>                                                        | -                       | -                       |
| Provision for FBT                                                    | 74,919                  | 74,919                  |
| Provision for Bad and Doubtful Debts                                 | 1,26,27,693             | 1,26,25,536             |
| <b>Total Provisions</b>                                              | <b>12,83,50,234</b>     | <b>13,47,09,899</b>     |
| <b>NOTE NO 17B : CURRENT TAX LIABILITY</b>                           |                         |                         |
| Current Income Tax (Net)                                             | 16,55,987               | 20,58,049               |
| <b>Total</b>                                                         | <b>16,55,987</b>        | <b>20,58,049</b>        |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                    | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|------------------------------------------------|-------------------------|-------------------------|
| <b>Note No 18 : Other Current Liabilities</b>  |                         |                         |
| Interest Payable                               | 3,42,05,350             | 4,80,74,056             |
| Outstanding Expenses Payable                   | -                       | -                       |
| Royalty payable                                | 54,89,908               | 62,39,963               |
| Audit Fee Payable                              | 1,00,01,120             | 92,87,320               |
| Electricity Charges Payable                    | 37,61,799               | 42,99,137               |
| Bonus Payable                                  | 6,46,903                | 6,46,903                |
| Income Received in advance                     | -                       | -                       |
| Spirit to serve charity fund                   | 2,26,783                | 3,18,281                |
| PF & ESI Payable                               | 51,26,796               | 53,86,388               |
| Salaries Payable                               | 1,28,92,167             | 1,86,53,316             |
| Other Payables                                 | 2,09,86,789             | 1,83,66,757             |
| Other Creditors                                | 3,95,14,239             | 23,93,13,190            |
| Advances Collected from Customers              | -                       | -                       |
| Directors Remuneration Payable                 | -                       | -                       |
| Statutory Dues                                 | 8,41,00,863             | 9,40,48,834             |
| Current maturities of Long Term Borrowings     | -                       | -                       |
| Interest Accrued but not due on Loans          | -                       | 38,60,049               |
| Interest Accrued and due on Loans              | 1,77,61,00,397          | 1,97,60,64,155          |
| Unclaimed Dividend                             | -                       | -                       |
| <b>Total Other Current Liabilities</b>         | <b>1,99,30,53,115</b>   | <b>2,42,45,58,349</b>   |
| <b>NOTE NO 19 : REVENUE FROM OPERATIONS</b>    |                         |                         |
| Revenue From Operations:                       |                         |                         |
| (A) Revenue From Sale of Products              | 1,13,14,00,827          | 1,15,08,29,754          |
| (B) Revenue From Sale of Services              | -                       | 3,19,61,699             |
| (C) Other Operating Income                     | 4,96,38,264             | 6,20,24,707             |
| <b>Total</b>                                   | <b>1,18,10,39,091</b>   | <b>1,24,48,16,159</b>   |
| <b>NOTE NO 20 : OTHER INCOME</b>               |                         |                         |
| Profit on sale of Fixed Assets                 | 14,17,28,655            | -                       |
| Other Non Operating Income                     | 4,13,26,355             | 3,37,33,178             |
| Interest                                       | -                       | -                       |
| -From Banks                                    | 19,92,252               | 26,39,220               |
| -From Others                                   | 32,23,359               | 12,27,549               |
| Net Gain/Loss on Foreign Currency Transactions | 21,27,437               | 6,01,162                |
| <b>Total</b>                                   | <b>19,03,98,058</b>     | <b>3,82,01,109</b>      |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                                                               | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE NO 21 : FOOD AND BEVERAGES CONSUMED</b>                                           |                         |                         |
| Opening Stock                                                                             | 1,02,95,805             | 1,16,98,683             |
| Add: Purchases                                                                            | 14,79,45,876            | 11,57,86,489            |
| (Less): Closing Stock                                                                     | 1,02,95,805             | 1,02,95,805             |
| General Materials                                                                         | 16,57,56,594            | 17,34,88,664            |
| <b>Total</b>                                                                              | <b>31,37,02,470</b>     | <b>29,06,78,031</b>     |
| <b>Note No 22 : Employee Benefit Expenses</b>                                             |                         |                         |
| Salaries,Wages and bonus                                                                  | 29,08,91,834            | 27,86,31,420            |
| Managerial Remuneration                                                                   | 12,00,000               | 12,00,000               |
| Company's contributions to provident and other funds.                                     | 1,35,02,715             | 1,79,39,340             |
| Staff welfare expenses                                                                    | 8,95,424                | 4,58,391                |
| <b>Total</b>                                                                              | <b>30,64,89,973</b>     | <b>29,82,29,151</b>     |
| <b>NOTE NO 23 : FINANCE COSTS</b>                                                         |                         |                         |
| Interest expense at effective rate on borrowings<br>which are measured at amortised costs |                         |                         |
| - Interest on Term loans                                                                  | 21,34,86,387            | 20,60,92,539            |
| - Interest on Axis Bank - NCD'S                                                           | -                       | 5,94,99,999             |
| - Interest on Unsecured Loan                                                              | 1,83,475                | 6,10,491                |
| - Loan processing Charges & Bank Charges                                                  | 6,77,158                | 4,59,277                |
| - Interest on OD                                                                          | 24,73,260               | -                       |
| - Interest on TDS                                                                         | 2,075                   | -                       |
| Add : Settlements on interest rate swap contracts                                         | -                       | -                       |
| Credit Card Commission                                                                    | 78,71,937               | 77,71,287               |
| On Tax Demands                                                                            | -                       | -                       |
| Other borrowing costs                                                                     | 25,22,527               | 50,97,888               |
| Less : Interest Capitalised (Refer Footnote)                                              | -                       | -                       |
| <b>Total</b>                                                                              | <b>22,72,16,819</b>     | <b>27,95,31,481</b>     |
| <b>NOTE NO 24 : OTHER OPERATING AND GENERAL EXPENSES</b>                                  |                         |                         |
| <b>(i) Operating expenses consist of the following :</b>                                  |                         |                         |
| Fuel, Power and Light                                                                     | 11,77,13,195            | 11,57,31,601            |
| Repairs to Buildings                                                                      | 18,02,344               | 8,90,444                |
| Repairs & Maintenance                                                                     | 4,53,00,093             | 3,18,23,786             |
| Other Operating Expenses                                                                  | 16,18,060               | -                       |
| <b>(ii) General expenses consist of the following :</b>                                   |                         |                         |
| Rent                                                                                      | 4,58,91,513             | 3,84,29,885             |
| Licence Fees                                                                              | 7,64,686                | -                       |

## Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2018

| PARTICULARS                                         | As At 31-03-2018<br>(₹) | As At 31-03-2017<br>(₹) |
|-----------------------------------------------------|-------------------------|-------------------------|
| Rates and Taxes                                     | 2,48,77,089             | 2,50,68,669             |
| Insurance                                           | 49,45,011               | 29,29,814               |
| Telephone, Postage and Others                       | 49,57,549               | 48,74,640               |
| Business Promotion Expenses                         | 9,29,53,392             | 8,42,39,481             |
| Printing and Stationery                             | 36,35,851               | 29,32,578               |
| Conveyance and Travelling                           | 2,87,38,849             | 1,57,36,525             |
| Provision for Doubtful Debts/ Bad debts written off | 2,157                   | 6,19,445                |
| Freight & Transportation                            | 66,03,237               | -                       |
| Laundry                                             | 70,94,385               | 1,01,96,449             |
| Director Sitting Fees                               | 55,000                  | 1,70,000                |
| Security Charges                                    | 1,30,586                | -                       |
| Donations                                           | 5,00,000                | -                       |
| Interest on taxes Paid                              | 2,35,432                | 28,837                  |
| Fabrication Expenses                                | 7,66,710                | -                       |
| Compensation Fees                                   | 17,87,500               | 0                       |
| Consultancy Charges                                 | 12,13,489               | 28,68,741               |
| Office Maintenance                                  | 36,04,83,47.69          | 54,13,65,70.57          |
| Loss on Sale of Property, plant and equipment       | 1,51,51,996             | -                       |
| Payment made to Statutory Auditors                  | 11,73,800               | 13,78,331               |
| Miscellaneous Expenses                              | 1,71,76,586             | 1,48,38,393             |
| <b>Total</b>                                        | <b>48,81,45,762</b>     | <b>40,68,94,189</b>     |

### NOTE NO 25 : EXCEPTIONAL ITEMS

|                                             |                       |                    |
|---------------------------------------------|-----------------------|--------------------|
| Loans and Advances Written Off              | 60,97,95,051          | 7,97,90,375        |
| Capital Work In Progress Written Off to P&L | 2,18,50,05,568        | -                  |
| Forfeiture of Advance                       | 1,34,64,70,860        | -                  |
| Provision for Loss of Investment            | 8,67,92,670           | -                  |
| Advances Written Off                        | 16,58,015             | -                  |
| Loss on Investments VBHPL                   | 25,03,79,606          | -                  |
| Payables Written Off                        | (1,21,23,173)         | -                  |
| Other Payables written back                 | (27,96,41,072)        | -                  |
| Advances Written Off                        | 1,82,000              | -                  |
| Cwip P&L                                    | 53,08,726             | -                  |
| Service Tax Input Not claimed               | 5,92,94,001           | -                  |
| Other Payables Written Back                 | (7,33,826)            | -                  |
| Provision for Loss on Investments           | 76,75,000             | -                  |
| Advances Written off                        | 1,11,33,598           | -                  |
| Other Advances Written Back                 | (27,961)              | -                  |
| Other payables Written Back                 | (60,78,285)           | -                  |
| Others                                      | 8,74,930              | -                  |
| <b>Total Amount Written off</b>             | <b>4,26,59,65,709</b> | <b>7,97,90,375</b> |

## Significant Accounting Policies

### Note 1: Corporate information

The Viceroy Hotels Limited (“VHL” or the “Company”), and its subsidiaries (referred collectively as the “Group”) is primarily engaged in the business of Hoteling. The Company is domiciled and incorporated in India in 1965 and has its registered office at HUDA Techno Enclave, Hyderabad Telangana - 500081, India.

The consolidated financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 30, 2018.

### Note 2: Basis of preparation, Principles of consolidation and equity accounting, Critical accounting estimates and judgements, Significant accounting policies and Recent accounting pronouncements

The consolidated financial statements have been prepared on the following basis:

#### (a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. Previous periods have been restated to Ind AS. These consolidated financial statements have been prepared in accordance with Ind AS. For all periods up to and including the year ended March 31, 2017, the Company prepared group’s consolidated financial statements in accordance with the requirements of Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (“IGAAP” or “previous GAAP”)

In accordance with Ind AS 101 – “First-time Adoption of Indian Accounting Standard”, the Group has presented a reconciliation of equity from previous GAAP to Ind AS as at March 31, 2017 and April 1, 2016, of the total comprehensive income for the year ended March 31, 2016 and of the cash flows for the year ended March 31, 2017.

#### (b) Basis of preparation

The Consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. Current Assets do not include elements which are not expected to be realised within 1 year

and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

#### (c) Principles of consolidation and equity accounting

##### (i) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Group transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet respectively.

#### (d)Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Group has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Group reviews the useful life of property, plant and equipment and Intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets that are subject to amortization/ depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation 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.

- **Impairment of investments:** The Group reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for and during the current year the company has made Provision for diminution in investments.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Group estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charges in the Statement of Profit and Loss. Provision for tax liabilities require judgments 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.

- **Fair value measurement of derivative and other financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgments in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible. Presently the company is not having any derivatives as at the Balance Sheet Date.

**Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

#### Significant accounting policies

#### (e)Revenue recognition

##### Income from Operations

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from restaurant is recognized upon rendering of service. Sales are net of discounts. The Company also operates through

franchise arrangements with third parties in terms of which the third parties are permitted to use the Company's established trademarks:

Initial Access Premium Fee charged<sup>11</sup> to franchisees, in consideration of being considered as competent to open a restaurant under a Company owned trademark, is recognized on formalization of the franchise agreement.

The Initial Access Premium Fee is non – refundable, regardless of whether the restaurant outlet under the franchise agreement commences operations or not. Royalty and Management Fee charged to franchisees for the use of the as a trademarks is calculated percentage of monthly sales of the restaurant and accrued for in line with restaurant sales. Revenue from displays and sponsorships are recognized based on the period for which the products or the sponsor's advertisements are promoted /displayed. In respect of gift vouchers and point awards scheme operated by the company, sales are recognized when the gift vouchers or points are redeemed and on sale of meals to customers.

### **Interest**

Interest income is accrued on a time proportion basis using the effective interest rate Method.

### **Dividend**

Dividend income is recognized when the Company's right to receive the amount is Established.

## **(f)Employee Benefits**

### **a. Provident Fund**

The eligible employees of domestic components of the Group are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the statement of profit and loss during the period. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the employee. Employee benefits arising out of contributions towards Provident Fund and Family Pension Scheme to Regional Provident Fund Commissioner or the Central Provident Commissioner and Social Security etc. paid/ payable during the year are recognised as expense in the statement of profit and loss account in the period in which the employee renders services. Eligible employees of some of the overseas components of the Group are members of defined contribution plans. These plans, in addition to employee contribution, require the Group to make contributions equivalent to a pre-define percentage of each eligible participant's plan compensation for each year. The Group may also make a profit sharing contribution of uniform percentage of eligible participant's plan compensation based on profit as defined. The Group recognised such contribution as an expense in the year in which the employee renders service.

### **b. Others**

The Group also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Group accounts for the net present value of its obligation therein, based on independent external actuarial valuations carried out at the Balance Sheet date. Certain international subsidiaries operate a defined contribution pension scheme and the pension charge represents the amounts paid/payable by them to the Fund in the period in which the employee renders services.

### **i. Gratuity**

The Group accounts for the net present value of its obligations for gratuity benefits, based on independent actuarial valuations, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. The obligation determined as aforesaid less the fair value of the plan assets is reported as a liability or asset as of the reporting date. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss. However, during the year Actuarial Gain/ loss is not yet calculated. In case of funded scheme, the Group makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds in respect of eligible employee in case of certain domestic components and the parent/ company.

## ii. Post-Retirement Pension Scheme

a. The net present value of the Group's obligation towards post retirement pension scheme is actuarially determined based on the projected unit credit method. Actuarial gains and losses are recognized immediately in the Other Comprehensive Income and reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

b. The Group also participates in an industry-wide defined benefit plan which provides pension linked to final salaries in respect of employees of certain overseas hotel properties. The plan is funded in a manner such that contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same period. It is not practicable to determine the present values of the Group's obligations as the covered hotel properties have not received information from the plan's administrator. In the absence of sufficient information the plan has been accounted as if it was a defined contribution plan.

c. The Group also has separate funded and unfunded schemes, which guarantee a minimum pension to certain categories of employees. The Group accounts for the net present value of its obligations therein, based on an independent external actuarial valuation, carried out as at the Balance Sheet date, which is determined on the basis of the projected unit credit method. Actuarial gains and losses are recognised immediately in Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the Statement of Profit and Loss.

## iii. Short term obligations

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related service. The accruals for employee entitlements to benefits such as salaries, bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of the employee's services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

## (G) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation (other than freehold land) and accumulated impairment losses, if any. All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and non-refundable taxes, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p), Page 208). Initial estimate of costs of dismantling and removing the item and restoring the site on which it is located is also included if there is an obligation to restore it. First time issues of operating supplies for a new hotel property, consisting of linen and chinaware, glassware and silverware (CGS) are capitalized and depreciated over their estimated useful life. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives of the assets are as follows:

| Class of Assets                                                | Useful Life of Asset |
|----------------------------------------------------------------|----------------------|
| Building                                                       | 60 to 80 years       |
| Plant and Equipment                                            | 10 to 20 years       |
| Electrical Installation and Equipment                          | 20 years             |
| Hotel Wooden Furniture                                         | 15 years             |
| End User devices – Computers, Laptops etc                      | 6 years              |
| Operating supplies (issued on opening of a new hotel property) | 2 to 3 years         |
| Other miscellaneous hotel assets                               | 4 years              |

The assets' useful lives and residual values are reviewed at the Balance Sheet date and the effects of any changes in estimates are accounted for on a prospective basis. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss. For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date. Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

#### **(h) Impairment of Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

#### **(i) Foreign Currency Translation**

##### **Functional and presentation currency**

The functional currency and presentation currency of the Company is Indian Rupee (₹).

##### **Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### **Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value denominated in a foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss. Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

##### **Translation of financial statements of foreign operations**

Assets and liabilities of foreign entities are translated into Indian Rupees on the basis of the closing exchange rates as at the end of the period. Income and expenditure and cash flow are generally translated using average exchange rates for the period unless those rates do not approximate the actual exchange rates at the dates of specific transactions, in which case the exchange rates as at the dates of transaction are used. All resulting exchange differences are recognised in Other Comprehensive Income. On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as a part of gain or loss on sale.

### **(j) Inventories**

Stock of food and beverages and stores and operating supplies are carried at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost includes fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

### **(k) Income Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

#### **i. Current tax**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates at the end of the reporting period in the countries where the company and its subsidiaries and its associates and joint ventures operates and generates taxable income. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

#### **ii. Deferred tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of the goodwill. The deferred income tax is also not accounted if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profits/(taxable loss). Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised. Deferred tax assets positions are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised. Deferred tax liabilities are generally recognised for all taxable temporary differences except in respect of taxable temporary differences between the carrying amount and the tax bases of investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit forming part of deferred tax asset is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

### **(l) Provisions**

Provisions are recognised when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on

the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

#### **(m)Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit and Loss using the effective interest method.

#### **(n)Statement of cash flows**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows for the year are classified by operating, investing and financing activities.

#### **(o)Earnings per share**

Basic earnings per share is computed by dividing the Statement of Profit and Loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

#### **(p)Exceptional items**

The Group discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying trading performance of the Group and provides consistency with the Group's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Group. Exceptional items can include, but are not restricted to, gains and losses on the disposal of properties/significant undertakings, impairment charges, exchange gain/ (loss) on long term borrowings/ assets and changes in fair value of derivative contracts.

#### **(q)Financial Instruments**

##### **a. Financial assets**

##### **Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

##### **Classification**

- **Cash and cash equivalents** - Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**- Debt Instruments** - The Group classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset:

#### **i. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Group's income in the Statement of Profit and Loss using the effective interest rate method.

#### **ii. Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")**

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

#### **iii. Financial assets at Fair Value through Statement of Profit and Loss ("FVTPL")**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

**- Equity Instruments** - The Group subsequently measures all equity investments (other than the investment in joint ventures and associates which are measured using equity method of accounting) at fair value. Where the Group has elected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payment is established. At the date of transition to Ind AS, the Group has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments not held for trading. When the equity investment is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Retained Earnings directly.

#### **De-recognition**

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset. Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **b. Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently

measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

### **De-recognition**

A financial liability is de-recognised 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Statement of Profit and Loss.

### **Derivatives contracts**

Derivatives contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. During the years reported, no derivative contracts have been entered into by the Company.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **c. Impairment of financial assets**

The group assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments requires expected credit losses to be measured through a loss allowance. For trade receivables only, the group recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

### **(r) Business combination**

The Group uses the "acquisition method" of accounting to account for its business combinations as per which the identifiable assets or liabilities (and contingent liabilities) assumed are recognised at their fair values (with limited exceptions). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non controlling interests of the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition date amounts of identifiable assets acquired and the liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in Other Comprehensive Income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as Capital Reserve. Transaction costs incurred (other than debt related) in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees are expensed as incurred. If the Group obtains control over one or more entities that are not businesses, then the bringing together of those entities are not business combinations. The cost of acquisition is allocated among the individual identifiable assets and liabilities of such entities, based on their relative fair values at the date of acquisition. Such transactions do not give rise to goodwill and no non-controlling interest is recognised. Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

## Notes to Consolidated Financial Statements

### 26. The subsidiary companies considered in the consolidated financial statements are:

| NAME OF SUBSIDIARIES:                    | PROPORTION OF INTEREST: |
|------------------------------------------|-------------------------|
| Cafe de lake Pvt. Ltd                    | 100%                    |
| Crustums Products Pvt. Ltd               | 100%                    |
| Minerva Hospitalities Pvt. Ltd           | 100%                    |
| Viceroy Chennai Hotels & Resorts Pvt Ltd | 100%                    |
| Banjara Hospitalities Private Limited    | 100%                    |

**Note:** the company has made provision for impairment of investment during the year under consideration.

### 27. Basic Earnings Per Share (Basic EPS)

| Particulars                                  | Current Year Rs. | Previous Year Rs. |
|----------------------------------------------|------------------|-------------------|
| Net Profit after Tax                         | (4,43,36,31,824) | (14,57,60,129)    |
| Weighted Average Number of Shares Considered | 4,24,05,224      | 4,24,05,224       |
| Basic EPS                                    | (104.55)         | (3.44)            |
| Diluted EPS                                  | (104.55)         | (3.44)            |

### 28. In relation of provision for Current Tax, Deferred Tax:

| Particulars        | Current Year Rs. | Previous Year Rs. |
|--------------------|------------------|-------------------|
| Current Tax        | -                | 4,02,062          |
| Deferred Tax Asset | (99,641,069)     | (95,89,369)       |

**Note:** The Company has not made provision for current tax during the year as there are carried forward losses.

### 29. Auditors Remuneration:

| Particulars                      | Current Year Rs. in Lakhs | Previous Year Rs. in Lakhs |
|----------------------------------|---------------------------|----------------------------|
| Audit Fees Including Service Tax | 11,73,800                 | 13,78,331                  |

**30.** According to the information available with the Company, there are no amounts as at 31st March, 2017, due to suppliers who constitute a "small industrial undertaking".

**31.** Contingent Liabilities not provided for in respect of:-

i) Guarantees:

|                                                                                                                           |                 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|
| Guarantees given to bank for the Bank Guarantee limits availed by the company towards EPCG Bonds given to DGFT, Hyderabad | Rs. 16,22,500/- |
| Previous Year                                                                                                             | Rs. 16,22,500/- |

**Note:** the company has not made provision for contingent liabilities in respect of the above bank guarantees during the year under consideration.

**32. Expenditure in Foreign Currency:**

| Particulars        | Current Year<br>Rs. in Crores | Previous Year<br>Rs.in Crores |
|--------------------|-------------------------------|-------------------------------|
| Royalties & Others | 4.29                          | 8.85                          |

**33. Earnings in Foreign exchange as reported by the company to the Ministry of Tourism, Government of India and as certified by the Management.**

| Particulars                 | Current Year<br>Rs. in Crores | Previous Year<br>Rs.in Crores |
|-----------------------------|-------------------------------|-------------------------------|
| Earning in Foreign Exchange | 13.64                         | 13.47                         |

**34. In relation of Secured (Term) Loans:**

|                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asset Reconstruction Company of India Limited- Taken over from Axis Bank Limited | Subservient charge on movable and immovable assets of Hyderabad Marriott hotel and Subservient charge on movable and immovable fixed assets of company (except Bangalore and Chennai projects).<br>The existing Limit Further secured by Second Charge on Mortgage by Deposit of Title Deeds of Landed Properties (1) In Sy.No.140 (new No. 181) admeasuring 14,092 Sq.yards<br>(2) In Sy.No.139 admeasuring 346.72 Sq.Yards (3) 1-3-1-36/1 admeasuring 220 & 220 Sq.Yards<br>(4) In Sy.No. 139 admeasuring 216.60, 216.60 and 216.60 Sq.Yards all are situated in Lower Tank Bund Road, Kavadi guda, Hyderabad. |
| Asset Reconstruction Company of India Limited- Taken over from IDFC Limited      | A first charge by way of hypothecation of all the Company's immovable properties movable plant and machinery etc. and on Receivables excluding the receivables required by Operator as operating expenses for operation of the Project, present and future, subject to prior charge of the working capital lenders for securing the working capital facilities to the maximum of Rs.4 Crores and charge on all intangibles. Charge/assignment on all the Company's contracts/documents for the Projects                                                                                                          |
| Asset Reconstruction Company of India Limited-Taken over from Axis Bank Limited  | a) First pari passu charge on movable assets at Hyderabad Marriot Hotel b) First pari-passu charge on immovable assets of Hyderabad Marriot Hotel (by way of deposition title deeds with IDFC (at present with ARCIL) as an agent of Debenture Trustee)                                                                                                                                                                                                                                                                                                                                                          |
| IARC Ltd – Taken over from Laxmi vilas Bank                                      | Hypothecation of Machinery/Goods/ Stocks and Book Debts in business. Extension of equitable mortgage already created over the Land and Commercial Building Property situated at D. No. 3-6-199 and 3-6-199/1, Himayat Nagar, Hydrabad admeasuring 1416.66 sq.yards.                                                                                                                                                                                                                                                                                                                                              |
| Canara Bank                                                                      | First Charge on the entire fixed assets including mortgage over immovable assets and charge on movables) of Hyderabad Courtyard Hotel Project situated at Municipal Door NO. 1-3-1016 to 1024, lower tank bund Gandhi Nagar, Hyderabad                                                                                                                                                                                                                                                                                                                                                                           |
| State Bank of India                                                              | First Charge on the entire fixed assets of proposed Hotel Courtyard, Hydereabad, ranking pari passu with other term lender i.e. Canara Bank, R.P. Road, Branch, Secunderabad, including Equitable Mortgage of Land admeasuring 6263 Sq Yds situated at Kavadi guda, Hyderabad.                                                                                                                                                                                                                                                                                                                                   |
| Bank of Maharashtra                                                              | Hypothecation Of Stocks & Receivables Of "Countryard By Marriott" Hotel Sitauted At Gandhinagar, Lower Tank Bund Road, Hyderabad With Exclusive First Charge, Hypothecation Of Entire Current Assets, Present And Future Goods, Stocks, Of Raw Materials, Items, Inventories, Stocks, Present And Future Tangible And Intangible Assets Etc.,                                                                                                                                                                                                                                                                    |

| <b>Café D Lake Private Limited</b>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term loan from TFCI LTD                        | Secured against the first charge on the whole of moveable properties F & B cuisine restaurant cum bar “Blue Fox” and three small banquet halls at Huda Techno enclave Hitec City.<br><br>Madhapur (except book debts) and extension of Assignment all rights and interest under BOT agreement to the food court complex viz Eat street at Budha Purnima Lake Front Necklace Road Hyderabad, (As fully described in the deed of hypothecation)<br><br>Mortgage of lease hold right on built up/ constructed area situated at SY No. 64 Plot No. 20, Sector 1 Huda Techno enclave, Madhapur, Hyderabad ( No instrument is executed for this mortgage) |
| <b>Crustum Products Private Limited</b>        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Term Loan from Oriental Bank of Commerce       | Secured against the fixed and movable assets of the Breadtalk outlets at Hyderabad, Mumbai, Bangalore and Gurgaon and also secured against the personal guarantee of Director Mr. P. Chakradhar Reddy and Ms. P. Lakshmi Sruthi.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Term Loan from UCO Bank                        | Secured by 2 <sup>nd</sup> charge on Current and Fixed Assets of the Company and also secured by extension of collateral security of vacant land admeasuring 2926.50 sq. Yards in Survey No. 129/73/2&3 situated at Road No.3, Banjara Hills, Hyderabad – 500034 owned by M/s.Devalinfrastructures Pvt. Ltd.,                                                                                                                                                                                                                                                                                                                                       |
| <b>Banjara Hospitalities Private Limited</b>   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Edelweiss Asset Reconstruction Company Limited | The Existing Loan Facility of Rs.75,00,00,000/- Further Secured By Deposit of Title Deeds of The Property Situated At H.No.15-3-23, Open Land Admeasuring 6022.5 Sq.Yards Situated At Venkateswara Nagar, Maharanipecta, Visakhapatnam Belongs To M/S Banjara Hospitalities Pvt Ltd.                                                                                                                                                                                                                                                                                                                                                                |

### 35. Gratuity:

As per Ind AS, the company needs to get the actuarial report having actuarial gain/loss in order to report in other comprehensive income. However the company has obtained actuarial report in normal terms, but couldn't be able to obtain as per Ind AS actuarial gain / loss. The Company is in the process of obtaining the actuarial report as per Ind AS.

### 36. Associate Company:

The company obtained a loan of Rs. 25 Crores by pledge of Viceroy Bangalore Hotels Private Limited shares 80,12,244 in favor of ASF Infrastructure Private Limited. However the company couldn't repay the loan amount. Hence on 21st July, 2017, ASF Infrastructure Private Limited has invoked the said pledge.

### 37. Following are the amount outstanding and due to banks and financial institutions: Amount in Crores (Rs.)

| NAME OF THE BANK INSTITUTION                 |                  |                 | PRINCIPLE DUE | INTEREST DUE  | TOTAL DUES    |
|----------------------------------------------|------------------|-----------------|---------------|---------------|---------------|
| <b>Viceroy Hotels Limited</b>                |                  |                 |               |               |               |
| <b>ARCIL</b>                                 | <b>Principal</b> | <b>Interest</b> |               |               |               |
| Axis Bank Ltd- NCDs                          | 42.50            | 32.67           |               |               |               |
| IDFC Ltd                                     | 69.18            | 44.85           |               |               |               |
| Axis Bank Ltd                                | 20.00            | 14.27           | <b>131.68</b> | <b>92.79</b>  | <b>224.47</b> |
| IARC LTD                                     |                  |                 | 1.95          | -             | 1.95          |
| State Bank of India                          |                  |                 | 56.18         | 50.55         | 106.73        |
| Canara Bank                                  |                  |                 | 24.02         | 34.81         | 58.83         |
| <b>Total</b>                                 |                  |                 | <b>213.83</b> | <b>78.15</b>  | <b>391.98</b> |
| <b>Crustum Products Private Limited</b>      |                  |                 |               |               |               |
| OBC Term Loan                                |                  |                 | 1.31          | 0.67          | 1.98          |
| UCO Bank Loan                                |                  |                 | 3.22          | 1.21          | 4.43          |
| <b>Banjara Hospitalities Private Limited</b> |                  |                 |               |               |               |
| Edelweiss                                    |                  |                 | 15.69         | 1.63          | 17.32         |
| Central Bank of India                        |                  |                 | 89.9          | -             | 89.9          |
| <b>Total</b>                                 |                  |                 | <b>323.95</b> | <b>181.66</b> | <b>505.61</b> |

### 38. In relation to Related Party Disclosures in compliance with Accounting Standard:

#### Related Party Disclosures:

| Name                                             | Nature of Relationship with the company |
|--------------------------------------------------|-----------------------------------------|
| Shri. P. Prabhakar Reddy                         | Managing Director                       |
| Shri. P. Chakradhar Reddy                        | Director                                |
| Shri J. Daswanth Kumar                           | CFO                                     |
| SonamJaiswal                                     | CS                                      |
| M.Sreedhar Singh                                 | CEO                                     |
| M/s Cafe D' Lake Pvt. Ltd.                       | Subsidiary                              |
| M/s Crustum Products Pvt. Ltd.                   | Subsidiary                              |
| M/s Minerva Hospitalities Pvt. Ltd.              | Subsidiary                              |
| M/s Viceroy Chennai Hotels & Resorts Pvt. Ltd    | Subsidiary                              |
| M/s Banjara Hospitalities Private Limited        | Subsidiary                              |
| M/s Viceroy Bangalore Hotels Pvt. Ltd.           | Associate                               |
| M/s Parvath Investments Private Limited          | Common Director                         |
| M/s Parvath Reddy Investments Private Limited    | KMP is a Member                         |
| M/s Viceroy Hospitality Services Private Limited | Common Director                         |
| M/s Minerva Enterprises Private Limited          | Common Director                         |
| M/s Deva Infrastructure Private Limited          | Common Director                         |
| M/s Minerva Executive Apartments Private Limited | Common Director                         |

#### Related Party Transactions during the year

| Particulars                                  | Nature of Relationship | Dr          | Cr           | Net           |
|----------------------------------------------|------------------------|-------------|--------------|---------------|
| Prabhakar Reddy                              | Managing Director      | 18,45,000   | 3,25,60,712  | -3,07,15,712  |
| Chakradhar Reddy                             | Director               | 2,03,756    | 85,90,455    | -83,86,699    |
| Parvath Investments Private Limited          | Common Director        | 1,00,000    | 1,60,97,000  | -1,59,97,000  |
| Parvath Reddy Investments Private Limited    | KMP is a member        | 36,68,000   | -            | 36,68,000     |
| Viceroy Hospitality Services Private Limited | Common Director        | -           | 83,00,000    | -83,00,000    |
| Minerva Enterprises Private Limited          | Common Director        | 7,69,70,436 | 15,54,10,253 | -7,84,39,817  |
| Deva Infrastructure Private Limited          | Common Director        | 74,520      | 1,89,98,907  | -1,89,24,387  |
| Minerva Executive Apartments Private Limited | Common Director        | 1,81,000    | 19,69,68,354 | -19,67,87,354 |
| Viceroy Bangalore Hotels Private Limited     | Associate              | 46,83,436   | -            | 46,83,436     |

| Particulars                                      | Nature of Relationship | Dr          | Cr           | Net           |
|--------------------------------------------------|------------------------|-------------|--------------|---------------|
| Investments VBHPL                                | Associate              | -           | 65,09,91,806 | -65,09,91,806 |
| Banjara Hospitalities Private Limited            | Subsidiary             | 1,24,94,568 | 3,39,00,000  | -2,14,05,432  |
| Crustum Products Private Limited                 | Subsidiary             | -           | -            | -             |
| Minerva Hospitalities Private Limited            | Subsidiary             | -           | -            | -             |
| Café De Lake Private Limited                     | Subsidiary             | 1,23,15,390 | 1,42,69,890  | -19,54,500    |
| Viceroy Chennai Hotels & Resorts Private Limited | Subsidiary             | -           | -            | -             |

### 39. Following are the pending litigations with income tax Department :

a) Guarantee issued by the company to VBHP amount of Rs.317 crores.

| Name of the Statute | Nature of Dues | Amount (Rs.)      | Period to which it relates | Pending Circle     |
|---------------------|----------------|-------------------|----------------------------|--------------------|
| Income Tax          | IncomeTax      | Rs.55,85,57,970/- | A.Y 2014-15                | Income Tax appeals |
| Income Tax          | Income Tax     | Rs.5,63,13,258/-  | A.Y 2013-14                | Income Tax appeals |

It is not possible to predict the outcome of the pending litigations with accuracy, the company believes, based on legal opinions received, that it has meritorious defences to the claims. The management believe the pending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations , cash flows or financial condition of the company.

### 40. In Relation to immovable property

| S. No | Name of the Asset | Extent (In Sq Yards) | Place of Location                      |
|-------|-------------------|----------------------|----------------------------------------|
| 1     | Land              | 1,070.00             | 1-3-1016 to 1021, Kavadiguda,Hyderabad |
| 2     | Land              | 193.00               | 1-3-1022, Kavadiguda,Hyderabad         |
| 3     | Land              | 800.00               | 1-3-1023, Kavadiguda,Hyderabad         |
| 4     | Land              | 4,192.45             | 1-3-1024, Kavadiguda,Hyderabad         |
| 5     | Land              | 649.80               | 1-3-1036, Kavadiguda, Hyderabad        |
| 6     | Land              | 440.00               | 1-3-1036/1, Kavadiguda, Hyderabad      |
| 7     | Land              | 346.72               | 1-3-1036/2, Kavadiguda, Hyderabad      |
| 8     | Land              | 14,092.00            | Sy.No 181 & 182, Kavadiguda, Hyderabad |
|       | <b>Total</b>      | <b>21,783.97</b>     |                                        |

Properties mentioned in S.No 1 to 4 are originally in the name of Minerva Enterprises Pvt Ltd and these were transferred to the company through a scheme of arrangement approved by Hon'ble High of Court of Andhra Pradesh vide its order dated 1st May 2007. However, the revenue records are required to be updated to reflect the above title change.

Properties mentioned in S.No 5 to 8 were originally in the name of Krishna Cold Drinks Pvt Ltd (the then name of Viceroy Hotels Limited). Subsequently company changed its name several times i.e. from Krishna Cold Drinks Private Limited to M/s ShriKishna Bottlers Private Limited and further as Palace Heights Private Limited

Palace Heights Hotels Private Limited was converted as public limited Company namely Palace Heights Public Limited and finally became Viceroy Hotels Limited vide incorporation certificate of Registrar of Companies dated 21-09-2001. However, the revenue records are required to be updated to reflect the above name changes and conversions with regard to the title

Properties mentioned in S.No.9 is originally in the name of ShriP.Prabhakar Reddy was invested by him as capital in a partnership firm which was subsequently converted as Minerva Enterprises Private Limited and this property was transferred to the company through a scheme of arrangement approved by Hon'ble High of Court of Andhra Pradesh vide its order dated 1st May 2007. However, the revenue records are required to be updated to reflect the above title change

41. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Indian Accounting Standard 108- 'Segmental Information'. There is no geographical segment to be reported.
42. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary to improve figures presentation.
43. The figures have been rounded off to the nearest rupee.

**For P C N & Associates,**  
 (Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

**Lakshmi Prasanthi.S**  
**Partner**  
**M.No:236578**  
 Place: Hyderabad  
 Date: 30/05/2018

#### **FOR VICEROY HOTELS LIMITED**

|                                                     |                                                       |                                                   |
|-----------------------------------------------------|-------------------------------------------------------|---------------------------------------------------|
| Sd/-<br><b>P. Prabhakar Reddy</b><br>Former CMD     | Sd/-<br><b>CMA K.K.Rao</b><br>Resolution Professional | Sd/-<br><b>M.Sreedhar Singh</b><br>CEO            |
| Sd/-<br><b>Devraj Govind Raj</b><br>Former Director | Sd/-<br><b>J.Daswanth Kumar</b><br>CFO                | Sd/-<br><b>Sonam Jaiswal</b><br>Company Secretary |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

| PARTICULARS                                                         | Current Year<br>( ₹ )   | Previous Year<br>( ₹ ) |
|---------------------------------------------------------------------|-------------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                      |                         |                        |
| Net profit before tax                                               | (4,33,39,90,755)        | (16,04,94,326)         |
| <b>Adjustments for:</b>                                             |                         |                        |
| Depreciation and Amortization Expenses                              | 10,39,07,171            | 8,83,88,367            |
| Profit/Loss on sale of Fixed Assets (Net)                           | (12,65,76,659)          |                        |
| Finance Costs                                                       | 22,72,16,819            | 27,95,31,481           |
| Interest Income                                                     |                         |                        |
| Interest Expenses                                                   |                         |                        |
| Exceptional Items                                                   | 4,26,59,65,709          | (7,97,90,375)          |
| <b>Cash Operating Profit before working capital changes</b>         | <b>13,65,22,285</b>     | <b>12,76,35,147</b>    |
| <b>Adjustments for (increase)/decrease in operating assets</b>      |                         |                        |
| Trade receivables                                                   | 61,47,676               | 11,44,09,222           |
| Inventories                                                         | 11,48,826               | 19,37,830              |
| Other Current Assets                                                | 1,25,79,560             | (1,97,08,815)          |
| Non Current Loans                                                   | (93,30,01,542)          | 4,75,58,851            |
| Other Non Current Assets                                            | (4,69,78,142)           | (4,34,09,708)          |
| <b>Adjustments for increase/(decrease) in operating liabilities</b> |                         |                        |
| Borrowings                                                          | 93,34,481               | 1,51,05,502            |
| Short Term Provisions                                               | (10,65,38,123)          | (9,11,38,114)          |
| Trade Payables                                                      | 8,70,50,015             | 62,32,827              |
| Other Non Current Liabilities                                       | (4,38,343)              | (13,08,947)            |
| Other Current Liabilities                                           | (21,04,24,337)          | 41,93,49,081           |
| <b>Cash Generated from Operations</b>                               | <b>(1,04,45,97,644)</b> | <b>57,66,62,877</b>    |
| Direct Taxes - Refund / (paid)                                      | -                       | -                      |
| <b>Net Cash Generated From Operating Activities (A)</b>             | <b>(1,04,45,97,644)</b> | <b>57,66,62,877</b>    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                      |                         |                        |
| Purchase of fixed assets (net)                                      | (1,12,41,59,726)        |                        |
| Sale of Fixed Assets                                                | 19,97,97,629            | 7,97,30,812            |
| Capital Work in Progress                                            | 1,26,12,90,271          | (28,11,71,567)         |
| Investments                                                         | 20,11,58,819            | 5,47,74,216            |
| Dividend Income                                                     |                         |                        |
| Interest Income                                                     |                         |                        |
| <b>Net Cash Generated/Used In Investing Activities (B)</b>          | <b>53,80,86,993</b>     | <b>(14,66,66,539)</b>  |

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

| PARTICULARS                                                           | Current Year<br>( ₹ ) | Previous Year<br>( ₹ ) |
|-----------------------------------------------------------------------|-----------------------|------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                        |                       |                        |
| Financing Charges                                                     | (22,72,16,819)        | (14,50,60,669)         |
| Proceeds from Share Capital                                           |                       |                        |
| Proceeds/ (Repayment) from Long Term Borrowings                       | 68,33,13,402          | (25,44,58,088)         |
| <b>Net Cash Generated/Used In Financing Activities (C)</b>            | <b>45,60,96,583</b>   | <b>(39,95,18,757)</b>  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>(5,04,14,068)</b>  | <b>3,04,77,581</b>     |
| Opening Cash and Cash Equivalents as at 31st March,2017               | 4,22,98,669           | 1,18,21,088            |
| Closing Cash and Cash Equivalents as at 31st March 2018               | (81,15,399)           | 4,22,98,669            |

Note: The Cash Flow Statement is prepared using the indirect method set out in IND AS 7- Statement of Cash Flows

#### FOR VICEROY HOTELS LIMITED

**For P C N & Associates,**  
(Formerly Known as Chandra Babu Naidu & Co)  
**Chartered Accountants,**  
**Firm Registration no: 016016S**

Sd/-  
**Lakshmi Prasanthi.S**  
Partner  
M.No:236578

Hyderabad  
30-05-2018

Sd/-  
**P. Prabhakar Reddy**  
Former CMD

Sd/-  
**Devraj Govind Raj**  
Former Director

Sd/-  
**CMA K.K.Rao**  
Resolution Professional

Sd/-  
**J.Daswanth Kumar**  
CFO

Sd/-  
**M.Sreedhar Singh**  
CEO

Sd/-  
**Sonam Jaiswal**  
Company Secretary

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## VICEROY HOTELS LIMITED

(CIN: L55101TG1965PLC001048)

Registered Office: Plot No.20, Sector-I, Survey No.64, 4th Floor, HUDA Techno Enclave,  
Madhapur, Hyderabad – 500081, Telangana, India. Ph No.: +91 40 – 2311 9695/ 4034 9999 Fax : +91 40-4034 9828  
E-mail : secretarial@viceroyhotels.in; secretarial.viceroy@gmail.com Website: www.viceroyhotels.in

### **ATTENDANCE SLIP**

### **53<sup>rd</sup> ANNUAL GENERAL MEETING- 24<sup>th</sup> SEPTEMBER, 2018 at 11.00 A.M**

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of “Viceroy Hotels Limited”.

|                                          |  |
|------------------------------------------|--|
| *DP ID No./Regd. Folio No./Client Id No. |  |
| Name and Address of the Shareholder      |  |
| No. of Shares Held                       |  |

I/We hereby record my presence at the 53rd Annual General Meeting of the shareholders of Viceroy Hotels Limited on Monday, the 24th September, 2018 at 11.00 a.m. at Hotel Marriot Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad – 500080, Telangana.

\_\_\_\_\_  
Member's/ Proxy's name in Block Letters

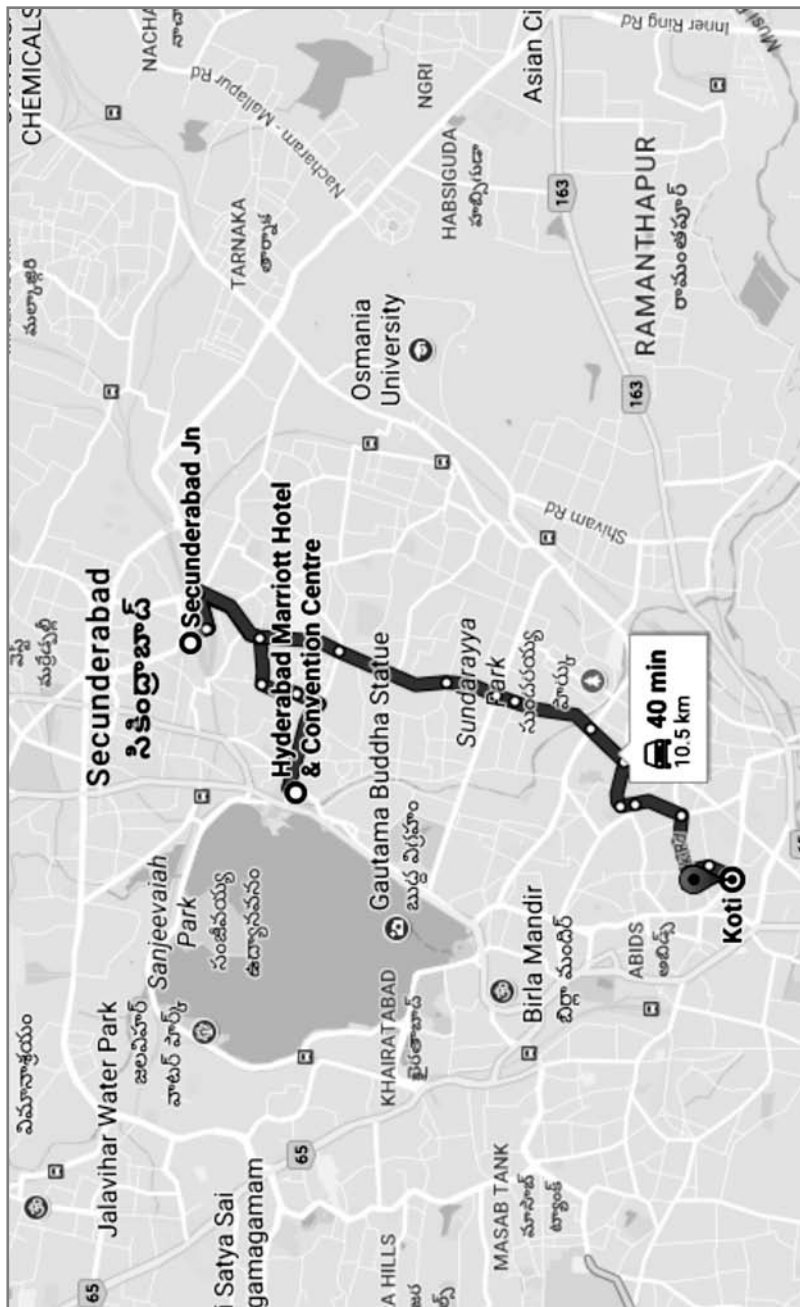
\_\_\_\_\_  
Member's/Proxy's Signature

#### **NOTES:**

- 1) Please complete the DP ID- Client ID No. and Name of the Member/Proxy, sign this attendance slip and hand it over, duly signed, at the entrance of the meeting hall.
- 2) Shareholder/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

\*DP ID No, is applicable if shares are held in electronic form

## ROUTE MAP



- Directions :**
1. From Secundarabad Railway Station
  2. From Koti

## VICEROY HOTELS LIMITED

(CIN: L55101TG1965PLC001048)

Registered Office: Plot No.20, Sector-I, Survey No.64, 4th Floor, HUDA Techno Enclave,  
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E-mail : secretarial@viceroypatel.in; secretarial.viceroy@gmail.com Website: www.viceroyhotels.in

### **PROXY FORM**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

|                          |                                                                                                                       |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------|
| CIN                      | L55101TG1965PLC001048                                                                                                 |
| Name of the Company      | <b>Viceroy Hotels Limited</b>                                                                                         |
| Registered Office        | Plot No.20, Sector-I, Survey No.64, 4th Floor, HUDA Techno Enclave,<br>Madhapur, Hyderabad – 500081, Telangana, India |
| Email Id                 | secretarial.viceroy@gmail.com /<br>secretarial@viceroypatel.in                                                        |
| Folio No/ Client ID/DPID |                                                                                                                       |

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

|                       |          |  |           |  |
|-----------------------|----------|--|-----------|--|
| 1                     | Name     |  |           |  |
|                       | Address  |  |           |  |
|                       | Email Id |  | Signature |  |
| <b>Or failing him</b> |          |  |           |  |
| 2                     | Name     |  |           |  |
|                       | Address  |  |           |  |
|                       | Email Id |  | Signature |  |
| <b>Or failing him</b> |          |  |           |  |
| 3                     | Name     |  |           |  |
|                       | Address  |  |           |  |
|                       | Email Id |  | Signature |  |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53rd Annual General Meeting of the Company, to be held on **Monday, the 24th September, 2018 at 11.00 a.m. at Hotel Marriot Convention Centre, Lower Tank Bund, Gandhinagar, Hyderabad – 500080, Telangana** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. No | Resolutions                                                                                                                    | For | Against |
|--------|--------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1.     | Consider and adopt Audited Financial Statements (Standalone and Consolidated), Reports of the Board of Directors and Auditors. |     |         |

Signed this ..... day of ..... 2018.

Signature of shareholder : \_\_\_\_\_ Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Re. 1/-  
Revenue  
Stamp.

#### **Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. \* It is optional to put a 'x' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of member(s) in above box before submission.

INTENTIONALLY LEFT BLANK

To

If Undelivered Please Return to :



**Viceroy Hotels Limited**

**Regd. Office :** # Plot No. 20, Sector-I, 4th Floor, Huda Techno Enclave, Sy. No. 64, Madhapur, Hyderabad - 500 081.

Phone: 91-40-2311 9695 Fax : 91-40-4034 9828 Website: [www.viceroyhotels.in](http://www.viceroyhotels.in)