

Nesco Hospitality Private Limited

Audited Financial Statements

Financial Year Ended 31 March 2018



ARVIND I. PATEL B.Com., F.C.A.
GAURANG A. PATEL B.Com., (Hons.)F.C.A.

ARVIND & COMPANY
CHARTERED ACCOUNTANTS

2, Union Co-op, Insurance Bldg., First Floor,
23, Sir P. M. Road, Fort, Mumbai - 400 001.
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INDEPENDENT AUDITOR'S REPORT

To
The Members of
Nesco Hospitality Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Nesco Hospitality Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant rule's issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



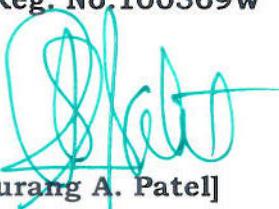
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- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 B**"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) the company does not have any pending litigations.
 - (ii) there are no long-term contracts including derivative contracts and;
 - (iii) there is no amount required to be transferred, to the Investor Education and Protection Fund by the Company

**For ARVIND & COMPANY
Chartered Accountants
Firm Reg. No. 100569W**




[Gaurang A. Patel]
Partner
M. No. 036700

Place : Mumbai

Date: 07 May 2018



ARVIND I. PATEL B.Com., F.C.A.
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Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the period ended 31 March 2018, we report that:

- i. The company does not have any fixed assets and accordingly sub clause (a) and (b) are not applicable;
- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships (LLP) or other parties* covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the order are not applicable to the Company.
- iv. The Company has not given loan to directors & the company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions stated in paragraph 3 (iv) of the order are not applicable to the Company.
- v. The Company has not accepted any deposits from public during the year and there are no amounts outstanding which are in the nature of deposits with the provisions of section 73 to 76 of the Companies Act, 2013 as on 31st March, 2018.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company
- vii. (a)The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were applicable to it were in arrears, as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b)According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute.



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- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees during the course of our audit.
- xi. The Company has not paid managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
- xii. The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. The Company does not have transactions with the related parties with respect to sections 177 and 188 of the Act. Accordingly, paragraph 3(xiii) of the Order is not applicable.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For ARVIND & COMPANY
Chartered Accountants
Firm Reg. No. 100569W



[Gaurang A. Patel]
Partner
M. No. 036700

Place : Mumbai

Date: 07 May 2018



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"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Nesco Hospitality Private Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS 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 Companies Act, 2013.

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 issued by ICAI (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



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Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

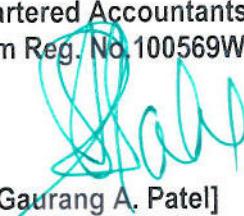
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For ARVIND & COMPANY
Chartered Accountants
Firm Reg. No. 100569W




[Gaurang A. Patel]
Partner
M. No. 036700

Place : Mumbai

Date: 07 May 2018

Nesco Hospitality Private Limited

Balance Sheet

(₹ in Lakhs)

Notes	As at 31 March	
	2018	2017
Assets		
Non-Current assets		
Property, Plant and Equipment	-	-
Financial Assets		
Loans	9.30	7.68
Total Non-Current Assets	9.30	7.68
Current assets		
Inventories	-	8.08
Financial assets		
Trade receivables	1	69.47
Cash and cash equivalents	2	353.06
Other current assets	3	11.22
Total Current Assets	433.75	194.33
Total - Assets	443.05	202.01
Equity and Liabilities		
Equity		
Equity share capital	4	25.00
Other equity		243.51
Total Equity	268.51	65.92
Non-current liabilities		
Total Non-current Liabilities	-	-
Current liabilities		
Financial Liabilities		
Trade Payables		40.08
Other financial liabilities	5	12.00
Other current liabilities	6	80.92
Liabilities for Assets for Current Tax (Net)		41.54
Total Current Liabilities	174.54	136.09
Total - Equity and Liabilities	443.05	202.01

As per our report of even date
For Arvind & Co.

Chartered Accountants

Gaurang A. Patel
Partner
Membership No. 036700
Firm Registration No. 100569W
Mumbai, 07 May 2018



Dipesh R. Singhania
Director

For and on behalf of the Board

Mumbai, 07 May 2018

Krishna S. Patel
Director

Nesco Hospitality Private Limited
Statement of Profit and loss

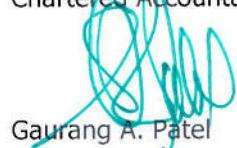
(₹ in Lakhs)

	Notes	As at 31 March	
		2018	2017
Revenue from operations		1,752.72	568.30
Other Income		0.20	-
Total Income		1,752.92	568.30
Expenses:-			
Cost of materials consumed	7	823.92	252.76
Employee benefits expense	8	367.13	151.43
Manufacturing, Administrative, Selling and General Expenses	9	273.09	91.14
Finance costs		5.04	1.45
Total expenses		1,469.18	496.78
Profit before tax		283.74	71.52
Income Tax expense			
(1) Current tax		81.15	18.74
(2) Deferred tax		-	-
Total tax expense		81.15	18.74
Profit after tax		202.59	52.78

As per our report of even date

For Arvind & Co,

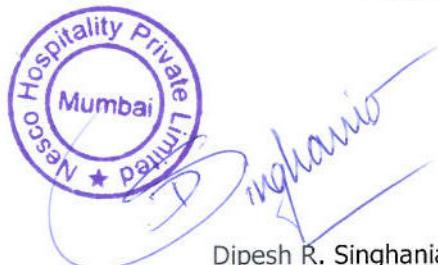
Chartered Accountants



Gaurang A. Patel
 Partner

Membership No. 036700
 Firm Registration No. 100569W
 Mumbai, 07 May 2018

For and on behalf of the Board




Krishna S. Patel
 Director

Mumbai, 07 May 2018

Nesco Hospitality Private Limited

Cash Flow Statement

(₹ in Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Net Profit before tax and extraordinary items	283.74	71.52
Add / Less:		
Finance cost	5.03	1.45
Operating loss before working capital changes	288.77	72.96
Add / Less:	-	-
(Increase) / Decrease in Inventory	8.08	-3.04
(Increase) / Decrease in Trade & receivables	13.49	-68.18
Increase / (Decrease) in Trade and other payables	-42.69	64.40
A Cash Flow from operating activities	267.66	66.15
Finance cost	-5.03	-1.45
B Net Cash Flow from financing activites	-5.03	-1.45
Net Increase / (Decrease) in Cash / Cash Equivalents	262.62	64.70
Cash / Cash equivalents at beginning of the year	90.44	25.74
Cash / Cash equivalents at the end of the year	353.06	90.44

As per our report of even date

For Arvind & Co.
Chartered Accountants

Gaurang A. Patel
Partner
Membership No. 036700
Firm Registration No. 100569W
Mumbai, 07 May 2018

For and on behalf of the Board

Krishna S. Patel
Director

Mumbai, 07 May 2018



Dipesh R. Singhania
Director

Statement of significant accounting policies and practices

A. Corporate Information

Nesco Hospitality Private Limited ("NHPL" or the "Company"), incorporated on 26 December 2014, is a 100% subsidiary of Nesco Limited which is a public limited Company. The Company is primarily engaged in the business of providing hospitality services.

B. Basis of preparation :- Compliance with Ind AS

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013 (The Act) [the Companies (Indian Accounting Standards) Rules, 2015], and other relevant provisions of the Act, on the accrual basis under historical cost convention.

C. Revenue recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.

D. 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 include the cost of purchase including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase.

E. Employee benefits

- i. Short term employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognised as an expense in the statement of profit and loss.
- ii. Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of profit and loss.

F. Trade receivables

Trade receivables are stated after writing off debts considered as bad.

G. Provisions and contingencies

The company creates a provision when there exists a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources, when there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

H. Cash and cash equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments where the original maturity is three months or less.



Nesco Hospitality Private Limited
Notes Forming part of the Financial Statements

(₹ in Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
1 Financial Assets		
Trade Receivables (unsecured, considered good, others)	69.47	92.18
	69.47	92.18
2 Cash and Bank Balances		
Balances with Scheduled banks - Current Account	346.09	90.44
Cash on hand	6.97	-
	353.06	90.44
3 Other Current Assets		
Prepaid Expenses	0.38	-
GST credit to be availed and other prepaid taxes	10.84	3.63
	11.22	3.63
4 Share Capital		
Authorised		
1,000,000 Equity Shares of Rs. 10 each	100.00	100.00
Issued and Paid-up		
250,000 Equity Shares of Rs. 10 each	25.00	25.00
	25.00	25.00
<u>Details of Shareholders holding more than 5% Equity Shares</u>		
Nesco Limited	No. of Shares % of Holding	249,900 100%
		249,900 100%
<u>Reconciliation of number of shares outstanding</u>		
Issued on incorporation for the Company		250,000
Outstanding at the end of the year		250,000
<u>Terms / Rights Attached to Equity Shares</u>		
The company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity share 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 shareholders in the ensuing annual general meeting.		
5 Other Financial Liabilities		
Security Deposits	12.00	13.50
Other Payables	-	18.19
	12.00	31.69
6 Other Current Liabilities		
Statutory dues	2.57	10.56
Advances from Customers	78.35	-
	80.92	10.56



Nesco Hospitality Private Limited

Notes Forming part of the Financial Statements

(₹ in Lakhs)

	Year Ended 31 March	
	2017-2018	2016-2017
7 Food and Beverages Consumed		
Opening Stock	8.08	5.05
Add : Purchases	815.84	255.80
Less: Closing Stock	-	8.08
	823.92	252.76
8 Employee Benefits expenses		
Salary, wages and allowances	362.22	148.94
Contribution to provident and other funds	4.91	2.50
	367.13	151.43
9 Manufacturing, Administrative, Selling and General Expenses		
Audit Fees	1.10	1.10
Legal & professional Charges	22.25	20.64
Security Charges	6.24	4.38
Power, Fuel & Electricity	108.14	18.80
Repairs & maintenance	63.77	21.07
Printing , stationary, Telephone & Postage	21.39	3.60
Rates & Taxes	23.09	7.79
Sundry balances written off	-	2.54
Advertisement & Sales Promotion Expenses	18.39	1.38
Other miscellaneous expenses	8.72	9.84
	273.09	91.14



10) Earnings per share:

Particulars	2017-2018	2016-2017
a) Profit / (Loss) after tax (₹ in Lakhs)	202.59	52.77
b) Number of equity shares outstanding	2,50,000	2,50,000
c) Face value of each equity share (₹)	10	10
d) Basic and diluted earnings per share (₹)	81.03	21.11

11) Related party disclosures:

(a) List of related parties and relationships

Parent / Holding Company (i) Nesco Limited

Key management personnel (i) Mr. Krishna S. Patel
(Director) (ii) Mr. Dipesh R. Singhania

12) Previous year figures are regrouped wherever necessary.

13) There are no amounts due or interest payable thereon due to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

14) Segment information

The Company is engaged only in the business segment of providing hospitality services and there are no other reportable business segments.

As per our report of even date

For Anvind & Co.
Chartered Accountants

Gaurang A. Patel
Partner
Membership No. 036700
Firm Registration No. 100569W
Mumbai, 07 May 2018

For and on behalf of the Board

Dipesh R Singhania
Director

Krishna S Patel
Director



Mumbai, 07 May 2018