INDEPENDENT AUDITOR'S REPORT

To The Members of
SANJAYRAJ HOTELS & RESORTS PVT. LTD.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Sanjayraj Hotels & Resorts Pvt. Ltd.** ("the Company") which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 the rule 7 of the Companies (Account) Rules, 2014. 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 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 financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018; and
(b) in the case of the Statement of Profit and Loss, of the **~~Profit~~/Loss** for the year ended on that date;
(c) In the case of the Cash Flow Statement, of the cash flow for the year ended as on the date:

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (" the order"), issued by the Central Government of India in terms of the sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure the statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the rule 7 of the Companies (Account) Rules, 2014.
   e. On the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the director 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 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 Company does not have any pending litigations which would impact its financial position
(b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

SWETANG S. PANDYA
Chartered Accountants

DIGITALLY SIGNED

[Proprietor]
[M. NO.: 108418]
[FRN. 131051W]
[PAN: AGPPP 8748 P]

Place : RAJKOT
Date : 05.09.2018

SANJAYRAJ HOTELS & RESORTS PVT. LTD.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements)

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

   (b) Physical verification of major assets was conducted by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. The physical verification of the inventory has been conducted by the management at reasonable intervals. The company is maintaining proper records of inventories and no discrepancies were noticed on physical verification as compared with the book records.

3. During the year the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. The company has not given any loans, investments guarantees, and security during the year under the provisions of section 185 and 186 of the Companies Act, 2013

5. The company has not accepted any deposits from the public during the year in contravention of Directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal

6. According to the information and explanation given to us, maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013.

7. (a) According to the records of the company, the company is regular in depositing undisputed statutory dues such as Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Custom Duty, VAT, GST, Cess and any other statutory dues whichever is applicable to the company with the appropriate authorities. According to the information and explanation given to us, no undisputed arrears of statutory dues were outstanding as at 31.03.2018 for a period of more than six months from the date they become payable.

   (b) There are no dues of income tax, sales tax, custom duty, excise duty, VAT or GST that have not been deposited on account of any dispute.

SANJAYRAJ HOTELS & RESORTS PVT. LTD.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements)

8. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank.

9. The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) and term loans.

10. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.

11. The Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

12. The company is not a Nidhi Company hence this clause is not applicable.

13. Based upon the audit procedures performed and according to the information and explanations given to us, All transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards.

14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review

15. The company has not entered into any non-cash transactions with directors or persons connected with him.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

SWETANG S. PANDYA
Chartered Accountants

DIGITALLY SIGNED

[Proprietor]
[M. No. : 108418]
[FRN. 131051W]
[PAN: AGPPP 8748 P]

Place : RAJKOT
Date : 05.09.2018

NAME OF THE ASSESSEE	SANJAYRAJ HOTELS & RESORTS PVT. LTD.
ACCOUNTING YEAR	2017-2018

Notes to the Accounts and Tax Audit Report **SCHEDULE: [N]**

Sr. No.	Particulars
	PART [A] : Notes to the Accounts
1.0	**Significant Accounting Policies :-**
	1.1 *Basis of Preparation :-* The Financial Statements of the Concern have been prepared in accordance with generally accepted accounting principles .The Financial Statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy, if any explained below. The accounts are prepared on the basis of ***mercantile*** method.
	1.2 *Revenue Recognition :-* Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Concern and the revenue can be reliably measured. Revenue from sale of goods is recognized when the substantial risks and rewards of ownership are transferred to the buyer. Other items of income are accounted as and when the right to receive arises. *The Concern collects indirect tax like GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Concern. Hence, it is excluded from Revenue.*
	1.3 *Uses of Estimates :-* The preparation of the Financial Statements in conformity with generally accepted accounting practice requires Management to make Judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures relating to contingent assets and liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in material or immaterial adjustments to the carrying amounts of assets or liabilities in future periods. Actual results may differ from these estimates.
	1.4 *Tangible Fixed Assets :-* Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any subsidy/ reimbursement/ contribution received for installation and acquisition of any fixed assets is shown deduction in the year of receipt. Capital work- in progress is stated at cost.

1.5 *Depreciation :-*

Depreciation on Fixed Assets is provided on Straight Line Method in accordance with terms of Schedule II of the Companies Act, 2013 adopting the useful life and residual value as stated therein for the respective assets. Depreciation on addition / deletion is provided on pro-rata basis to the days of addition / deletion.

1.6 *Intangible Assets :-*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expensed off in the Statement of Profit and Loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

1.7 *Borrowing Cost :-*

Borrowing cost includes interest. Such costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

1.8 *Taxes on Income :-*

[i] Current Tax :

Provision for Current Year Income Tax is determined in accordance with the provisions of the Income Tax Act, 1961.

[ii]Deferred Tax Provision :

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

Deferred tax asset are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to set off against the deferred tax asset.

	PART [B] : Notes to the Tax Audit Report [3CD]
3CD Ref.	Particulars
18	**PARTICULARS OF DEPRECIATION** Opening Written Down Value of the Fixed Assets have been taken as given and certified by the concern. Depreciation provided as per rate provided under Income Tax Act,1961.
21(d)	**WHETHER ANY PAYMENT RELATING TO ANY EXPENDITURE UNDERSECTION 40A(3) THAT THE PAYMENTS WERE MADE BY ACCOUNT PAYEE CHEQUES DRAWN ON A BANK OR ACCOUNT PAYEE BANK DRAFT, AS THE CASE MAYBE[YES / NO]** There is no cash payment in excess of ₹10000/- (In Case of payment to transport contractor ₹ 35000) except in circumstances specified in rule 6DD. However it is not possible for us to verify whether the payment in excess of ₹ 10000/- (₹ 35000 In case of payment to transport contractor) have been made otherwise than crossed cheque or demand draft or through use of electronic clearing system as the necessary evidence is not in the possession of the assessee and records produced for verification of payment through account payee cheque were not sufficient.
33	**SECTION-WISE DETAILS OF DEDUCTIONS, IF ANY, ADMISSIBLE UNDER VI-A & CHAPTER III** Details are provided only for transaction reflected in concern Profit & Loss Account.
34	For Clause 34 in Form No. 3CD, we have verified the compliance with the provision of Chapter XVII - B regarding the deduction of tax at source and regarding the payment thereof to the credit Of the Central Government in accordance with the Auditing Standards generally accepted in India which include test checks and the concept of materiality. Such audit procedures did not reveal any significant non-compliance with the provisions of Chapter XVII-B. Details provided under relevant table based on test check of available records.
38/39	Reports of audit carried under any other statute law were not available at the time of audit.
41	Information regarding demand raised or refund issued during the previous year under any laws other than Income Tax Act 1961 and Wealth Tax Act 1957 was not made at available at the time of audit.

	PART [C] : General Notes
[i]	Prime responsibility of preparation of these Financial Statements and Form No. 3CD are of entity's management. Our responsibility is to express opinion on these Financial Statements based on our audit. We have conducted audit of books of accounts in accordance with accounting and auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management as well evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion. In case of any disclosure requirement by ICDS or any deviation from ICDS as notified by the Income Tax Act, 1961; we have mentioned the said disclosure or deviation against the clause 13(d), 13(e) and 13(f) of

Major components of deferred tax arising on account of timing differences are :

	As at March 31, 2018	As at March 31, 2017
Liabilities :		
Depreciation	14779984	15324928
Others	---	---
Total (A)	14779984	15324928
Assets :		
Unabsorbed Depreciation/Business Loss	5420655	5921302
Others	---	---
Total (B)	5420655	5921302
Net Deferred Tax Liabilities (A-B)	9359329	9403626

1.9 ***Investments :-***

Investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

1.10 ***Retirement Benefits :-***

According to the assessee, at present the assessee is not liable to pay gratuity Provident Fund Act, ESIC etc.

2.0 **Valuation of Inventories** :-

Items of inventory are valued as follows :-

Sr.No.	Type of Inventories	Valuation Method
1.	Material & Misc. Items	At Lower of Cost or Market Value

3.0 **SHARE CAPITAL**

The details of shareholders holding more than 5% of the shares:

Name of share holder	As at 31st March,2018		As at 31st March,2017	
	No. of shares	% held	No. of shares	% held
Rajguru Indranil	3787	90.43%	3787	90.43%
Rajguru Darshan	400	9.55%	400	9.55%

4.0 **LONG TERM BORROWINGS**

Total long term borrowings of ₹ 107156027/- out of which ₹ 56644512/- represent borrowings from directors and shareholders.

5.0 **TRADE RECEIVABLES**

Total amount of trade receivables is ₹ 586133/- out of which ₹ 485176/- represent aggregate amount of trade receivables outstanding for a period exceeding six months

6.0 **PAYMENT TO AUDITORS :**

PARTICULARS	AMOUNT (₹)	
	CURRENT YEAR	LAST YEAR
Audit Fees	13000	13000
Company Law Matter	3500	3500
TOTAL ---- >>>	**16500**	**16500**

7.0 **QUANTITATIVE INFORMATION : Nil**

8.0 Details of Non-Resident Shareholding : Nil

9.0 Amount remitted in Foreign Currency on Account of Dividend : Nil

10.0 Earning and Outgoings in Foreign Exchange (Export Sales) : Nil