

# GRAVISS HOSPITALITY LIMITED

## BOARD OF DIRECTORS

Ravi Ghai	: Chairman & Managing Director
Gaurav Ghai	: Joint Managing Director
R.K.P. Shankardass	: Director
Dalip Sehgal	: Director
Mahendra V. Doshi	: Director
Harindra Singh	: Director
Gulshan Bijlani	: Director
Tina Pardal	: Director - Resigned w.e.f. 04/11/2016
Mala Todarwal	: Additional Director - w.e.f. 04/11/2016

## COMPANY SECRETARY

Lajja Shah

## REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),  
Mumbai-400 078.  
Phone No. 022-2596 3838 Fax No. 022-2596 2691

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## BANKERS

Axis Bank  
Ground Floor, Aman Chambers, Opp. New Passport Office,  
Veer Savarkar Marg, Prabhadevi, Mumbai-400 025

## AUDITORS

M/s. V. Sankar Aiyar & Co.  
Chartered Accountants

## REGISTERED OFFICE

"Dairy Tops" Plot No. J-177, MIDC, Bhosari, Pune-411 026  
Maharashtra  
Phone No. 020-30681102, Fax No. 020-30681139

## ADMINISTRATIVE OFFICE

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030  
Phone No. 022-4050 1111, Fax No. 022-2491 5555

## UNIT

Hotel Inter-Continental, Marine Drive, Mumbai-400 020  
Phone No. 022-3987 9999, Fax No. 022-3987 9600

## MAYFAIR BANQUETS

254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030

CIN: L55101PN1959PLC012761

## Notice

**NOTICE is hereby given that the 55<sup>th</sup> Annual General Meeting of the members of GRAVISS HOSPITALITY LIMITED will be held on Friday, 29<sup>th</sup> July 2016, 12.30 p.m. at the registered office of the Company, Dairy Tops, Plot No. J-177, M.I.D.C., Bhosari, Pune-411 026, Maharashtra to transact the following business:**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet (Consolidated and Standalone) as at 31<sup>st</sup> March 2016 and Profit and Loss Account for the year ended on that date together with the schedules annexed thereto as well as the reports of the Board of Directors and Auditors' attached thereon.
2. To appoint a Director in place of Mr. Dalip Sehgal (DIN 00217255) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force), Messrs. V. Sankar Aiyer & Co. Chartered Accountants (Firm Registration No. 109208W), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (subject to ratification of such appointment by the Members at every Annual General Meeting) till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

### SPECIAL BUSINESS:

4. **Appointment of Ms. Mala Todarwal (DIN: 06933515) as a Woman Non Independent Director of the Company as Ordinary Resolution:**

**"RESOLVED THAT** Ms. Mala Todarwal (DIN: 06933515) who was appointed as an Additional Director of the Company with effect from 4<sup>th</sup> November, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as Non Independent Woman Director of the Company, liable to retire by rotation."

5. **Approval of transactions with Graviss Holdings Private Limited (GHPL) of the Company As a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Clause 23(4) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 hereinafter referred to as "Listing Regulations" (including any statutory modifications or amendments or re-enactments thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to the Board of Directors (including its Committee thereof), to enter into material contracts/arrangements/transactions in the normal course of business with Graviss Holdings Private Limited (GHPL) a 'Related Party' for a period of 3 years as defined under Section 2(76) of the Companies Act, 2013 and Clause 23(4) of the Listing Regulations, as set out under the Statement setting out the material facts annexed to this Notice dated 24<sup>th</sup> May 2016, on such terms and conditions as may be mutually agreed upon between the Company and GHPL.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things, and to finalize the terms and conditions as may be considered necessary, expedient or desirable, in order to give effect to this Resolution."

6. **Approval for Re-Appointment of Mr. Ravi Ghai as Managing Director with the below mentioned terms:**

**(i) Mr. Ravi Ghai being an Non Resident Indian (NRI):**

**"RESOLVED THAT** pursuant to the provisions of Section 196 of the Companies Act, 2013 read with Schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, consent of the shareholders be and is hereby accorded for continuation of Mr.Ravi Ghai (DIN:00074612) as Managing Director of the company who is an NRI (i.e. Non residential Indian)."

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## (ii) Mr. Ravi Ghai has attained the age of 70 years:

“**RESOLVED FURTHER THAT** pursuant to sections 196, 197 and 203 of the Companies Act, 2013 read with Schedule V Part I (c) the consent of the Shareholders be and is hereby accorded for continuation of Mr. Ravi Ghai (DIN:00074612), Managing Director of the Company in spite of attaining the age of seventy years on 23rd April, 2013.”

## (iii) Re-appointment for a further term of 5 Years from 1st April 2017 to 31st March 2022:

“**RESOLVED THAT** pursuant to Section 196, 197 and all other applicable provisions of the Companies Act, 2013, read with Schedule V thereto of the Companies Act, 2013 (including any modification or re-enactment thereof for the time being in force), Mr. Ravi Iqbal Ghai (DIN. 00074612) who was already appointed as Managing Director of the Company be hereby re-appointed as Managing Director with effect from 1st April, 2017 to 31st March, 2022 for a period of 5 years for a total remuneration not exceeding Rs.84 Lacs per annum as mentioned below:

- A. Salary : not exceeding Rs. 84 lacs per annum
- B. Performance based incentive/commission: Amount not exceeding 50 % of the total salary and perquisites.
- C. Allowances and Perquisites: not exceeding Rs. 12 lacs per annum.
- D. The total remuneration including the salary, allowances, perquisites and commission shall not exceed the limits specified in Schedule V of the Companies Act, 2013.”

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Ravi Ghai, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under Schedule V under the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

**RESOLVED FURTHER THAT** Directors of the Company be and is hereby authorized to sign, execute and file necessary e-forms with the office of Registrar of Companies/Ministry of Corporate Affairs and other authorities, inform banks and other concerned agencies and to take all such steps that are necessary to give effect to the resolution.”

By Order of the Board  
For **GRAVISS HOSPITALITY LIMITED**

**Lajja Shah**  
Company Secretary

Dated: May 24, 2016

### Registered Office:

Dairy Tops, Plot No. J-177, M.I.D.C.  
Bhosari, Pune-411 026, MAHARASHTRA

### Notes:

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be deposited at the company's registered office not less than forty-eight hours before the commencement of the meeting. The proxy form is enclosed.
- (b) Members are requested to bring their copy of the Annual Report to the Meeting.
- (c) Members are requested to intimate changes in their addresses, if any, to the Company.
- (d) Members are requested to note that the Register of Members and the Share Transfer Books of the Company will be closed from Monday, July 18, 2016 to Friday, July 29, 2016 (both days inclusive).
- (e) Particulars of director seeking appointment/re-appointment are annexed to this Notice below.
- (f) Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on all working days up-to the date of the Annual General Meeting.
- (g) The Directors would appreciate advance mailing of queries on accounts, if any, which the members may wish to raise so as to enable the Directors to keep the replies ready.

(h) It is requested that the queries be mailed to Registrars and Share Transfer Agents:

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078.  
Phone No. 022-2596 3838, Fax No. 022-2596 2691

(i) Electronic copy of the Annual Report (including Notice of the 55<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form) for 2016 is being sent to all the members whose email-ID's are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For the members who have not registered their email address, physical copies of the Annual Report (alongwith Notice for the 55<sup>th</sup> Annual General Meeting) for 2016 is being sent in the permitted mode.

**(j) Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer E-Voting facility as an alternate, for its shareholders to enable them to cast their votes electronically at the 55<sup>th</sup> Annual General Meeting(AGM) through e-voting service provided by Central Depository Services(India) Limited. E-Voting is optional. The procedure and instructions for the same are as follows:

- i. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii. Now click on "Shareholders" tab to cast your votes
- iii. Now, select the Electronic Voting Sequence Number - "EVSN" alongwith "Graviss Hospitality Limited" from the drop down menu and click on "SUBMIT"
- iv. Now, fill up the following details in the appropriate boxes:

User-ID	For Members holding shares in Demat Form: (a) For NSDL:- 8 Character DP ID followed by 8 Digits Client ID (b) For CDSL:- 16 digits beneficiary ID  For Members holding shares in Physical Form: • Folio Number registered with the Company
Password	Your Unique password is printed on the Attendance Slip
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while E voting

- v. After entering these details appropriately, click on "SUBMIT".
- vi. Members holding shares in Physical form will then reach directly to the voting screen.
- vii. Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution 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.
- viii. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- ix. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- x. For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
- xi. 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 or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.

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- xii. Click on the Resolution File Link if you wish to view the entire Annual General Meeting Notice.
- xiii. 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.
- xiv. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xv. Corporate/Institutional Members (corporate/FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and the Scrutinizer's email id [mferraocs@yahoo.com](mailto:mferraocs@yahoo.com) The file scanned image of the Board Resolution should be in the naming format "Corporate name \_EVSN".
- xvi. If you wish to provide feedback on the e-voting system click on 'Suggestions'. In case you have any queries or issues regarding e-voting, please contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [lajja.shah@gravissgroup.com](mailto:lajja.shah@gravissgroup.com).
- xvii. The E-voting period commences on 26th July 2015 (9.00 a.m.) and ends on 28th July 2015 (6.00 p.m.).
- xviii. Martinho Ferrao & Associates, Practising Company Secretary (CP no. 5676) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- xix. The Scrutinizer shall within a period of 3 working days from the conclusion of the e-voting period unblock the votes and make the Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- xx. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizers Report shall be placed on the Company's website [www.gravissgroup.com](http://www.gravissgroup.com) within 2 days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

By Order of the Board  
For **GRAVISS HOSPITALITY LIMITED**

**Lajja Shah**  
*Company Secretary*

Dated: May 24, 2016

**Registered Office:**

Dairy Tops, Plot No. J-177, M.I.D.C.  
Bhosari, Pune-411 026, MAHARASHTRA

## Explanatory Statement in Respect of the Special Business

[Pursuant to section 102 of the Companies Act, 2013]

### ITEM No. 4:

The Board of Directors appointed Ms. Mala Todarwal (DIN: 06933515) as an Additional Director of the Company with effect from 4th November, 2015. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act") Ms. Mala Todarwal holds office of Director upto the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Act, from a Member signifying her intention to propose the appointment of Ms. Mala Todarwal as a Director of the Company.

Ms. Mala Todarwal, Age 31 is a Chartered Accountant (C.A.) and also a partner in the Chartered Accountant Firm, Todarwal & Todarwal Associates and has immense knowledge in terms of Finance and Accounts.

Brief Profile of Ms. Mala Todarwal is provided at the end of this Notice. The Board of Directors is confident that her vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 4 of this Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this Resolution.

### ITEM NO. 5:

In terms of Clause 23 of Listing Regulations and based on past trend, the transactions as described hereunder are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company and may exceed the materiality threshold as prescribed under Clause 23 of the Listing Regulations. Thus, in terms of Clause 23, these transactions would require the approval of the Members by way of a Special Resolution.

<b>Particulars</b>	<b>Information</b>
Name of Related Party	Graviss Holdings Private Limited
Nature of relationship	Enterprise having substantial interest in the Company.
Name of Director(s) or Key Managerial Personnel who is related, if any	Mr. Ravi Ghai, Mr. Gaurav Ghai and Mr. Dalip Sehgal
Nature and particulars of transactions with Graviss Holdings Pvt. Ltd. ("RPTs")	(1) Catering Services (2) Corporate Service & Brand use arrangement
Material terms of the contracts/arrangements/transactions	(1) <b>Catering Services</b> GHPL wants to appoint the Company as one of the caterer to provide catering services at the venue of GHPL situated at 254-C, Dr. Annie Besant Road, Worli, Mumbai – 400 030 for the functions organized by the clients (Customers) of GHPL at the said venue for a consideration mutually agreed to between the Company and GHPL.  (2) <b>Corporate Service &amp; Brand use arrangement</b> The Corporate Support Services provided by GHPL to the Company include assistance in updating the venue specifications, banqueting designing and suitable advice in developing locations and other related services in the areas of venue management support services from time to time as and when required. Further, GHPL also permits the Company an exclusive right to use the trademark "MAYFAIR" and its variants for expanding its hospitality business in various parts of India. GHPL further permits GHL to use the said trade mark on its Letterheads and Signages
Duration of these RPTs have been continued from the past	10 years i.e. from the financial year 2006
The value of each type of RPTs in last 2 years	2015-16 - Rs. 788 lacs – Catering Services 2015-16- Rs 95 lacs – Corporate Service & Brand usage 2014-15 - Rs. 883 lacs – Catering Services 2014-15- Rs 67 lacs – Corporate Service & Brand Usage
Whether the transactions have been approved by the Audit Committee	Yes

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The proposed RPTs are necessary, normal and incidental to business as also play a significant role in the Company's business operations and accordingly the Board recommends the Special Resolution set forth in Item No. 5 of the Notice for the approval of the Members in terms of Clause 23 of the Listing Regulations.

None of the Directors or Key Managerial Personnel of the Company except Mr.Ravi Ghai and Mr.Gaurav Ghai and Mr.Dalip Sehgal and their relatives are concerned or interested, financially or otherwise, in this Resolution.

## **ITEM No. 6:**

Mr. Ravi Iqbal Ghai, Managing Director of the Company has become an NRI (Non Resident Indian). Further, as per the Companies Act, 2013, approval from members through Special resolution is required for continuation of his position as a Managing Director after becoming an NRI pursuant to Schedule V of the Companies Act, 2013. Your directors in their meeting held on 24<sup>th</sup> May 2016 have approved his continuation as Managing Director and recommended the above resolution for approval of the Shareholders as a Special Resolution.

As per the requirement of the Schedule V Part I (c) of the Companies Act, 2013 if a Managing Director has attained the age of 70 years then his appointment/continuation needs to be approved by a special resolution passed by the Company in General Meeting. Mr. Ravi Ghai, (DIN: 00074612) has attained the age of 70 years on 23<sup>rd</sup> April, 2013. Your directors in their meeting held on 24<sup>th</sup> May, 2016 have approved his continuation as Managing Director and recommended the above resolution for approval of the Shareholders as a Special Resolution.

Mr. Ravi Ghai, born in the year 1943 is known as one of the pioneers in the hotel industry in India. Mr. Ravi Ghai was appointed on the Board of Company in the year 1977 and is serving as Chairman and Managing Director since the last 2 decades. He is well-respected for his vast and varied experience in the field of Hospitality business. Mr. Ravi Ghai has played a lead role in formulating the Company's strategy and has also been actively involved in international collaborations.

The pre-dominant position which the Company occupies in the Hotel industry today is due to his very advanced and specialized knowledge in the field of Hospitality coupled with wide and varied experience in that field. The Directors consider it to be in the interest of the company to continue to avail the services of Mr. Ravi Ghai as its Managing Director.

The contents of the text of special resolution are self-explanatory in so far as terms and conditions of re-appointment are concerned and may be treated, for the purposes of section 196 and 197 of the Act, as an abstract of the contract between the Company and the Managing Director.

None of the Directors or Key Managerial Personnel of the Company except Mr.Ravi Ghai and Mr..Gaurav Ghai and their relatives are concerned or interested, financially or otherwise, in this Resolution.

# GRAVISS HOSPITALITY LIMITED

## Details of the Directors seeking appointment/re-appointment at this Annual General Meeting

Name of the Director	Dalip Sehgal	Mala Tadarwal
Date of Birth	27/12/1958	03/05/1985
Date of Appointment	21/10/2011	04/11/2015
Areas of Expertise	Marketing, General Management	Chartered Accountant
List of Other Public Companies incorporated in India, in which directorships held.	Graviss Hotels & Resorts Ltd. Safari Industries (India) Ltd. S H Kelkar & Company Ltd.	Graviss Hotels & Resorts Ltd. Welspun Suntext Ltd. Welspun Enterprises Ltd. Welspun Investments & Commercial Ltd. Sesa Mining Corporation Ltd. Sesa Resources Ltd. Talwandi Sabo Power Ltd.
List of Chairmanships/memberships of committees of the Board of other Public Companies incorporated in India in which Directorships held	None	None
No. of shares held in the Company prior to the appointment/re-appointment	None	None

Re-appointment of Mr. Dalip Sehgal and appointment of Ms. Mala Tadarwal (Item No. 2 & 4)

By Order of the Board

For **GRAVISS HOSPITALITY LIMITED**

**Lajja Shah**  
Company Secretary

Dated: May 24, 2016

**Registered Office:**

Dairy Tops, Plot No. J-177, M.I.D.C.  
Bhosari, Pune-411 026, MAHARASHTRA



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## Directors' Report

### The Members of Graviss Hospitality Limited

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Gross Income	5,011	5,182
Profit Before Interest & Depreciation	267	459
Finance Charges	139	137
Gross Profit	128	322
Provision for Depreciation	470	573
Net Profit Before Tax	(342)	(251)
Provision for Tax	100	—
Net Profit After Tax	(242)	(222)
Balance of Profit brought forward	672	894
Balance available for appropriation	—	—
Proposed Dividend on Equity Shares	—	—
Tax on Proposed Dividend	—	—
Transfer to General Reserve	430	672

**1. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

The Company is running Hospitality business through its Hotel viz. Intercontinental – Marine Drive (ICMD) & a Banquet popularly known as Mayfair Banquets and there is no change in the business activity or nature.

**2. DIVIDEND:**

Company has not declared any Dividend during the Financial year 2015-2016 under review.

**3. BOARD MEETINGS:**

The details of the number of Meetings of Board held during the financial year 2015-2016 forms part of the Corporate Governance Report.

**4. DIRECTORS AND KEY MANAGEMENT PERSONNEL:**

1. During the Financial year 2015-2016, the Board appointed Ms. Mala Todarwal as Additional Director w.e.f. 4<sup>th</sup> November, 2015.
2. Mrs. Tina Pardal resigned from the Directorship of the Company w.e.f. 4<sup>th</sup> November, 2015.
3. Mr. Amit Jain – Chief Financial Officer (CFO) of the Company was appointed in place of Mr. Rajendra Agrawal who resigned as Chief Financial Officer (w.e.f. 12<sup>th</sup> August, 2015).

**Disclosure U/s.149(10) on Appointment of Independent directors for the second term by way of special resolution:**

None of the Directors are liable for re- appointment for the second term by way of special resolution during the year.

**5. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet the criteria of their Independence laid down in Section 149(6).

**(ANNEXURE I)**

**6. COMPOSITION OF AUDIT COMMITTEE:**

The details of the composition of the audit Committee forms part of the Corporate Governance Report.

**VIGIL MECHANISM:**

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and as per Clause 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 the Company has formulated policy on vigil mechanism as below to safeguard the interest of Directors and employees.

**WHISTLE BLOWER:**

The company has established mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee The key directions/actions will be informed to the Managing Director of the Company.

**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

**In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:**

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**8. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES:**

The Company has made Loss of Rs. 342 Lacs before Tax during the year as against a loss of Rs. 251 Lacs last year.

**INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY**

**M/s Graviss Hotels & Resorts Ltd.:**

The Company has made Loss of Rs. 98.49 Lacs during the year against a loss of Rs. 12.45 Lacs last year.

**M/s Graviss Catering Pvt. Ltd.:**

The PBT of the Company is Rs. 3.77 Lacs during the year against Profit of Rs. 24.85 Lacs Last year.

**M/s Hotel Kanakeshwar Pvt. Ltd.:**

The Company has made Loss of Rs. 0.06 Lacs during the year against a loss of Rs. 0.06 Lacs last year.

Details of the Companies which have become / ceased to be its Subsidiary/ JV/ Associate Company.

N.A.

**9. EXTRACT OF ANNUAL RETURN:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report.

**ANNEXURE – II**

**10. AUDITORS:**

The Auditors, M/s V. Sankar Aiyar & Co, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment from the conclusion of ensuing Annual General Meeting [AGM] till the conclusion of the next Annual General Meeting of the Company.

**SECRETARIAL AUDIT:**

Secretarial audit report as provided by M/s Martinho Ferrao & Associates, Practising Company Secretary is annexed to this Report as **ANNEXURE III**

**11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO** (section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014):

**(A) Conservation of energy and Technology Absorption:**

The Company has entered, to avail international technology and expertise, into various strategic agreements with Inter-Continental Hotels Corporation, USA (IHC) and its affiliates. As a part of these agreements, IHC and its affiliates are required to provide technical services, marketing reservation and system support to the Company for its Hotel situated at Marine Drive-Mumbai.

**(B) Foreign exchange earnings and outgo**

(Rs. in Lacs)

Particulars	Current Year 2015-2016	Previous year 2014-2015
CIF Value of Imports	0.82	0.00
Expenditure in Foreign Currency	267	306
Earnings in Foreign Exchange	1,423	1,463

**12. The Company has not accepted any deposits during the year.**

**DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Details about the adequacy of Internal Financial Controls with reference to the Financial Statements.

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## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company have duly complied with the provision of Section 186 of the Companies Act, 2013 and it has taken

SECURED LOANS:	993.48
UNSECURED LOANS:	—
CURRENT/NON-CURRENT INVESTMENTS:	21.83
GUARANTEES:	—
SECURITIES EXTENDED:	—

### **13. RISK MANAGEMENT**

The details are mentioned in the Corporate Governance Report.

### **14. RELATED PARTY TRANSACTIONS:**

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC-2 as **ANNEXURE – IV**

### **15. EVALUATION OF THE BOARD:**

The Nomination & Remuneration Committee has approved the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation. In keeping with the Company's belief that it is the collective effectiveness of the Board that impacts Company performance, the primary evaluation platform is that of collective performance of the Board as a whole.

Board performance is assessed against the role and responsibilities of the Board as provided in the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with the Company's Governance Policy.

The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfill expectations of other stakeholders through strategic supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by each Committee Chairman with the Board.

Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

While the Board evaluated its performance against the parameters laid down by the Nomination & Remuneration Committee, the evaluation of individual Directors was carried out anonymously in order to ensure objectivity. Reports on functioning of Committees were placed by the respective Committee Chairman before the Board.

### **16. REMUNERATION AND NOMINATION POLICY**

The Board has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down, a criteria for selection and appointment of Board Members. The details of this policy are explained in Corporate Governance.

### **17. LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2016-2017 to BSE where the Company's Shares are listed.

Company has paid Annual Listing fees Rs. 2,29,000/- on 26th April, 2016 for the year 2016-2017.

### **18. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 72 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. A report on Corporate Governance is included as a part of this Annual Report as

#### **ANNEXURE V**

Certificate from the Statutory Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 72 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is attached to this Report.

## **ANNEXURE INDEX**

- I. Format of declaration by Independent Director**
- II. Annual Return Extracts in MGT 9**
- III. Secretarial Audit Report**
- IV. AOC 2 – Related Party Transactions disclosure**
- V. Corporate Governance**

### DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s. Graviss Hospitality Ltd.  
Mumbai

Dear Sir,

I undertake to comply with the conditions laid down in Clause 17(5) clause 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

Date: May 24, 2016

Place : Mumbai

Sd/-  
R.K.P. Shankardass, Mahendra V. Doshi, Harindra Singh, Gulshan Bijlani  
Independent Directors

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2016

[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:- L55101PN1959PLC012761  
(ii) Registration Date: 05/08/1959  
(iii) Name of the Company: Graviss Hospitality Ltd.  
(iv) Category/Sub-Category of the Company: Limited Company  
(v) Address of the Registered office and contact details  
J-177, MIDC, Bhosari, Pune-411 026  
Contact: Mr. P.T. NISAR-020 30681102  
(vi) Whether listed company Yes / No - YES  
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any  
Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai 400 078  
Contact No. 022 -2596 3838

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Hospitality	—	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Graviss Hotels & Resorts Ltd.	U15200MH1996PLC096973	Subsidiary	100	2(87)
2	Graviss Catering Pvt. Ltd.	U74899DL1978PTC008829	Subsidiary	100	2(87)
3	Hotel Kanakeshwar Pvt. Ltd.	U55109MH1989PTC053640	Subsidiary	100	2(87)

## IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Categoriwise Shareholding										
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		
A. Promoters										
(1) Indian										
(a) Individual/HUF	6254056	0	6254056	8.87	6254056	0	6254056	8.87	0.0000	No Change
(b) Central Govt. or State Govt.										
(c) Bodies Corporates	46482654	0	46482654	65.92	46482654	0	46482654	65.92	0	0
(d) Bank/FI										
(e) Any other										
<b>SUB TOTAL: (A) (1)</b>	<b>52736710</b>	<b>0</b>	<b>52736710</b>	<b>74.79</b>	<b>52736710</b>	<b>0</b>	<b>52736710</b>	<b>74.79</b>	<b>0.0000</b>	<b>No Change</b>

# GRAVISS HOSPITALITY LIMITED

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		
(2) Foreign										
(a) NRI-Individuals										
(b) Other Individuals										
(c) Bodies Corp.										
(d) Banks/FI										
(e) Any other...										
<b>SUB TOTAL (A) (2)</b>										
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>52736710</b>	<b>0</b>	<b>52736710</b>	<b>74.79</b>	<b>52736710</b>	<b>0</b>	<b>52736710</b>	<b>74.79</b>	<b>0.0000</b>	<b>No Change</b>
<b>B. PUBLIC SHAREHOLDING</b>										
(1) Institutions										
(a) Mutual Funds										
(b) Banks/FI	1250	0	1250	0.00	1250	0	1250	0.00	0.00	No Change
(c) Central Govt.										
(d) State Govt.										
(e) Venture Capital Fund										
(f) Insurance Companies										
(g) FIIS										
(h) Foreign Venture Capital Funds										
(i) Others (specify)										
<b>SUB TOTAL (B)(1):</b>	<b>1250</b>	<b>0</b>	<b>1250</b>	<b>0.00</b>	<b>1250</b>	<b>0</b>	<b>1250</b>	<b>0.00</b>	<b>0.00</b>	
(2) Non Institutions										
(a) Bodies corporates	1000268	53750	1054018	1.50	1005794	500	1006294	1.43	-0.07	decrease
(i) Indian										
(ii) Overseas										
(b) Individuals										
(i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	837084	684445	1521529	2.16	815044	658905	1473949	2.09	-0.07	decrease
(ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs					64976	0	64976	0.09	0.09	increase
(c) Others (specify)										
Clearing Member	12615	0	12,615	0.02	18297	0	18297	0.03	0.00	increase
Foreign Company	7025708	4385235	11410943	16.18	7025708	4385235	11410943	16.18	0.00	No Change
Non Resident Indians (REPAT)	1358	0	1358	0.00	1700	0	1700	0.00	0.00	increase
Non Resident Indians (NON Repat)	11770	0	11770	0.02	9153	0	9153	0.01	-0.00	decrease
Overseas Bodies Corporate	3616932	0	3616932	5.13	3616932	0	3616932	5.13	0.00	No Change
Relatives Of Directors	57350	0	57350	0.08	57350	0	57350	0.08	0.00	No Change
Trusts	94660	0	94660	0.13	94660	0	94660	0.13	0.00	No Change
Hindu Undivided Family	0	0	0	0.00	26921	0	26921	0.04	0.04	increase
<b>SUB TOTAL:(B) (2)</b>	<b>12657745</b>	<b>5123430</b>	<b>17781175</b>	<b>25.22</b>	<b>12736535</b>	<b>5044640</b>	<b>17781175</b>	<b>25.22</b>	<b>0.00</b>	<b>0</b>
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>12658995</b>	<b>5123430</b>	<b>17782425</b>	<b>25.22</b>	<b>12737785</b>	<b>5044640</b>	<b>17782425</b>	<b>25.22</b>	<b>0.00</b>	<b>0</b>
C. Shares held by Custodian for GDRs & ADRs										
<b>Grand Total (A+B+C)</b>	<b>65395705</b>	<b>5123430</b>	<b>70519135</b>	<b>100.0000</b>	<b>65474495</b>	<b>5044640</b>	<b>70519135</b>	<b>100.0000</b>	<b>0</b>	<b>0</b>

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## (ii) Share Holding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during 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	
1	Satinetta Finlease & Investments Pvt Ltd AAEC57759K	22967844	32.57	0	22967844	32.57	0	0
2	Graviss Holdings Pvt Ltd AAACK1899E	21813970	30.93	0	21813970	30.93	0	0
3	Ravi Ghai AAOPG7107J	3324791	4.71	0	3324791	4.71	0	0
4	Gaurav Ghai AACPG2557N	2309141	3.28	0	2309141	3.28	0	0
5	Amphitrite Investments Pvt Ltd AAACA3558L	1509840	2.14	0	1509840	2.14	0	0
6	Oregon Realty Pvt Ltd AAAC00473E	191000	0.27	0	191000	0.27	0	0
7	Geeta Ghai AAMPG4447P	620124	0.88	0	620124	0.88	0	0
	<b>Total :</b>	<b>52736710</b>	<b>74.78</b>	<b>0</b>	<b>52736710</b>	<b>74.78</b>	<b>0</b>	<b>0</b>

## (iii) Change in Promoters' Shareholding

Sr. No.	Name of Promoter	Shareholding at the beginning of the year	Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SATINETTA FINLEASE & INVESTMENTS PVT. LTD.	22967844	32.57	22967844	32.57
2	GRAVISS HOLDINGS PRIVATE LIMITED	21813970	30.93	21813970	30.93
3	RAVI GHAI	3324791	4.71	3324791	4.71
4	GAURAV GHAI	2309141	3.28	2309141	3.28
5	AMPHITRITE INVESTMENTS COMPANY PRIVATE LIMITED	1509840	2.14	1509840	2.14
6	GEETA GHAI	620124	0.88	620124	0.88
7	OREGON REALTY PVT LTD	191000	0.27	191000	0.27
		52736710	74.78	52736710	74.78

## (iv) Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr.No.	Name of the Shareholder	Shareholding at the beginning of the year	Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	DUNEARN INVESTMENTS (MAURITIUS) PTE LTD	7025708	9.96	7025708	9.96
2	INTER-CONTINENTAL HOTELS CORPORATION	4385235	6.22	4385235	6.22
3	TRESAD LIMITED	3616932	5.13	3616932	5.13
4	FOOD TOPPERS PRIVATE LIMITED	962537	0.77	962537	0.77
5	SURESH ANAND	32080	0.05	32080	0.05
6	VINAY SOMANI	32001	0.05	32001	0.05
7	HITESH RAMJI JAVERI	35154	0.05	50000	0.07
8	VINOD K. NAYAR	26469	0.04	26469	0.04
9	JAGDISH SHAH	22257	0.03	22257	0.03
10	AMIT JAIN	19970	0.03	19970	0.03
11	HARSHA JAVERI	15000	0.02	15000	0.02
		16173343	22.35	16173343	22.37

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during 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	
1.	Mr. Ravi Ghai	3324791	4.71	0	3324791	4.71	0	0
2.	Mr. Gaurav Ghai	2309141	3.27	0	2309141	3.27	0	0
3.	Mr. RKP Shankardass	40000	0.10	0	40000	0.05	0	0
4.	Mr. Gulshan Bijlani	17350	0.02	0	17350	0.02	0	0
5.	Mr. Mahendra V. Doshi	—	—	—	—	—	—	—
6.	Mr. Harindra Singh	—	—	—	—	—	—	—
7.	Ms. Mala Todarwal	—	—	—	—	—	—	—
8.	Mr. Dalip Sehgal	—	—	—	—	—	—	—
9.	Mr. Amit Jain	—	—	—	—	—	—	—
10.	Mrs. Lajja Shah	—	—	—	—	—	—	—
	<b>Total :</b>	<b>5691282</b>	<b>8.10</b>	<b>0</b>	<b>5691282</b>	<b>8.06</b>	<b>0</b>	<b>0</b>

**(vi) indebtedness**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	74,380,227	—	—	74,380,227
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>74,380,227</b>	<b>—</b>	<b>—</b>	<b>74,380,227</b>
Change in Indebtedness during the financial year				
— Addition	55,900,000	—	—	55,900,000
— Reduction	51,579,661	—	—	51,579,661
<b>Net Change</b>	<b>4,320,339</b>	<b>—</b>	<b>—</b>	<b>4,320,339</b>
Indebtedness at the end of the financial year				
(i) Principal Amount	78,700,566	—	—	78,700,566
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>78,700,566</b>	<b>—</b>	<b>—</b>	<b>78,700,566</b>

**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sr. No.	Particulars	Mr. Ravi Ghai (Rs.in Lacs)	Mr. Gaurav Ghai (Rs.in Lacs)
I	Salary	30.00	24.00
II	Contribution to Provident Fund	3.60	2.88
III	Estimated monetary value of perquisites	11.85	2.25
	<b>Total</b>	<b>45.45</b>	<b>29.13</b>



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## B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
3.	Independent Directors <ul style="list-style-type: none"> <li>• Fee for attending board committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	NIL	
	Total (1)		
4.	Other Non-Executive Directors <ul style="list-style-type: none"> <li>• Fee for attending board committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	NIL	
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

## C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	3.39	48.89	52.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option				
3	Sweat Equity				
4	Commission  — as % of profit — others, specify..				
5	Others, please specify				
	Total		3.39	48.89	52.28

## (vii) Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment	N.A.				
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
**Graviss Hospitality Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Graviss Hospitality Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Graviss Hospitality Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, 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 hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Graviss Hospitality Limited** ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review and**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as the Company has not bought back any of its securities during the financial year under review.**
- (vi) We have also examined the compliances of the provisions of the following other laws applicable specifically to the company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
  - (a) Prevention of Food Adulteration Act, 1954
  - (b) Standard Weights and Measures Act, 1976
  - (c) Food Safety and Standards Act, 2006
  - (d) The Legal Metrology act, 2009
  - (e) Brihanmumbai Municipal Corporation Act, 1888
  - (f) Maharashtra Tax on Luxuries (In hotels and Lodging Houses) Act, 1987

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- (g) Contract Labour (Regulation and Abolition) Act, 1970
- (h) Water (Prevention and Control of Pollution) Act, 1974
- (i) Air (Prevention and Control of Pollution) Act, 1981
- (j) Bombay Prohibition Act, 1949
- (k) Bombay Lift Rules, 1958
- (l) Bombay Police Act, 1951
- (m) Bombay Shops And Commercial Establishments Act, 1948
- (n) Copyright Act, 1957 [Sec s 33 (3)]
- (o) Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952
- (p) The Maternity Benefits Act, 1961
- (q) The Minimum Wages Act, 1948
- (r) The Payment of Bonus Act, 1965
- (s) The Payment of Gratuity Act, 1972
- (t) The Payment of Wages Act, 1936
- (u) The Apprentices Act
- (v) Sexual Harassment Act, 2013
- (w) The Child Labour (Prohibition and Regulation) Act, 1986
- (x) Registration of Tourist Trade Act

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India has been complied.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

## **We further report that**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. 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.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We 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 compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there has been no specific event which requires comments.

**For Martinho Ferrao & Associates**  
Company Secretaries

Martinho Ferrao  
Proprietor  
**FCS No. 6221**  
**C.P. No. 5676**

Place: Mumbai

Dated: May 21, 2016

## FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

***(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
  - (a) Name of the related party and nature of relationship: NIL
  - (b) Nature of contracts/arrangements/transactions:
  - (c) Duration of the contracts/arrangements/transactions:
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) Date(s) of approval by the Board: NA
  - (g) Amount paid as advances, if any: N.A.
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
  
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: M/s Graviss Holdings Pvt. Ltd. Enterprise having substantial interest in the Company.
  - (b) Nature of contracts/arrangements/transactions:
    - (1) Catering Services
    - (2) Corporate Service & Brand use arrangement
  - (c) Duration of the contracts/arrangements/transactions: upto 3 years i.e. from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2019
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

(Rs. In Crores)

Year	Catering Services	Corporate Service & Brand Use
2016-17	15	1.5
2017-18	18	2.0
2018-19	20	2.5

- (e) Date(s) of approval by the Board, if any: 23<sup>rd</sup> January 2014
- (f) Amount paid as advances, if any: N.A.

## Report on Corporate Governance

In accordance with SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and some of the best practices of Corporate Governance, the report containing the details of governance systems and processes at Graviss Hospitality Limited is as under:

### 1. Philosophy:

The Company's policy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interaction with stakeholders, including shareholders, employees, the government, lenders and society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long term shareholder value.

### 2. Board of Directors:

#### (i) Composition of the Board

The Board of Directors provides strategic directions and thrust to the operations of the Company. Currently the total strength of the Board is Eight Directors. The Board has an executive chairman and the number of Non-Executive Independent Director is one-half of the total number of Directors. None of the Directors on the Board is a member on more than ten committees and chairman of more than five committees [as specified in clause 26 of SEBI (LODR) Regulations 2015] across all the companies in which he is a Director. Hence the Company complies with SEBI (LODR) Regulations 2015 in terms of Composition of Board of Directors.

The composition of the Board and other relevant details relating to the Directors are as under as on 31st March 2016:

Name of the Directors	Designation	Category	No. of Other Directorships*	No. of Other Committee Memberships #	
				Chairman	Member
Mr. Ravi Ghai	Chairman & Managing Director	Promoter, Executive, Non-Independent	1	—	1
Mr. Gaurav Ghai	Joint Managing Director	Promoter, Executive, Non-Independent	—	1	1
Mr. Mahendra Doshi	Director	Non-Executive, Independent	6	3	3
Mr. R.K.P. Shankardass	Director	Non-Executive, Independent	—	—	1
Mr. Harindra Singh	Director	Non-Executive, Independent	1	—	3
Mr. Gulshan Bijlani	Director	Non-Executive, Independent	—	—	3
Ms. Mala Todarwal	Additional Director	Non-Executive, Non Independent	6	—	1
Mr. Dalip Sehgal	Director	Non-Executive, Non Independent	3	—	1
Mrs. Tina Pardal	Director	Non-Executive, Non Independent	1	—	—

Note:

1. Directorships in Private and Foreign Companies are excluded.
2. Memberships of only Audit Committee, Stakeholders Relationship Committee have been considered.
3. Mrs.Tina Pardal Resigned w.e.f. 4<sup>th</sup> November, 2015
4. Ms. Mala Todarwal was appointed as Additional Director w.e.f. 4<sup>th</sup> November, 2015.
5. Members of the Board of the Company do not have membership of more than 10 Board Level Committee or Chairman of more than 5 such Committees.

#### (ii) Board Meetings and attendance of each Director at Board Meeting and at last Annual General Meeting

The notice of each Board Meeting is given in writing to each Director. The Agenda alongwith the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

During the year under review, the Board of Directors met Four times during the year viz. 28<sup>th</sup> April, 2015, 12<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 3<sup>rd</sup> February, 2016. The maximum gap between any two consecutive meetings did not exceed four months. The last Annual General Meeting of the Company was held on 24<sup>th</sup> July, 2015. The details of attendance of Directors in Board Meetings and last Annual General Meeting are as follows:

# GRAVISS HOSPITALITY LIMITED

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ravi Ghai	2	Absent
Mr. Gaurav Ghai	2	Present
Mr. Harindra Singh	2	Absent
Mr. Mahendra V. Doshi	3	Present
Mr. R.K.P. Shankardass	2	Absent
Mr. Dalip Sehgal	4	Absent
Mr. Gulshan Bijlani	2	Absent
Mrs. Tina Parda (Resigned w.e.f. 04/11/2015)	2	Not Applicable
Ms. Mala Todarwal (Appointed on 04/11/2015)	2	Not Applicable

### (iii) Code of Conduct:

The Board has laid down the Code of Conduct for all Board members and Senior Management of the Company and the same is posted on the website of the Company. A Certificate from Mr. Gaurav Ghai, Jt. Managing Director with regard to the compliance of code of conduct by the Board members and the senior management for the year ended 31<sup>st</sup> March, 2016 is enclosed and forms part of this report.

### (iv) Directors seeking re-appointment:

Mr. Dalip Sehgal, Director of the company shall retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment.

### (v) Other Provisions:

The Company confirms that it did not have any material pecuniary relationship or transaction with any Non Executive Director during the year under review, except for the payment of sitting fees made to them for attending the Board and/or Committee meetings.

## 3. Board Committees:

### (i) Audit Committee

The composition of Audit Committee as on 31<sup>st</sup> March, 2015, is as follows:

Mr. Mahendra V Doshi (Chairman)

Mr. Gulshan Bijlani

Mr. RKP Shankardass

Mr. Harindra Singh

Ms. Mala Todarwal (Appointed w.e.f. 04/11/2015)

Mr. Dalip Sehgal

Two third of the total strength of the Audit Committee are Independent Directors. Statutory Auditors, Internal Auditors and CFO attend the meetings of the Committee on invitation of the Chairman. The Company Secretary acts as the Secretary of the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

The Company has complied with the requirements of clause 18 of SEBI (LODR) Regulations 2015 as regards composition of Audit Committee.

The Audit Committee reviews the financial statements on a quarterly, half yearly and annually basis and recommends its suggestions to the Board. It reviews the reports of the Statutory and Internal Auditors and also discusses its suggestions with them.

During the year under review, the Audit Committee met four times on 28<sup>th</sup> April, 2015, 12<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 3<sup>rd</sup> February, 2016 with a gap of not more than four months. The details of the meetings attended by the Members are given below:

Name of the Members	Category	No. of Meetings Attended
Mr. Mahendra Doshi	Non Executive, Independent Chairman	3
Mr. Gulshan Bijlani	Non Executive, Independent	2
Mr. RKP Shankardass	Non Executive, Independent	2
Mr. Harindra Singh	Non Executive, Independent	2
Ms. Mala Todarwal	Non Executive, Non Independent	2
Mr. Dalip Sehgal	Non Executive, Non Independent	4

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The terms of reference of the Audit Committee has been approved at the Board Meeting held on 22<sup>nd</sup> January 2001. It provided for adequate powers and has access of all the information required and performing all the functions which are in accordance with Clause 18 of SEBI (LODR) Regulations 2015.

The Company has appointed M/s Pipalia Singhal & Associates as Internal Auditors of the Company to review and report on the internal control systems.

## (ii) Stakeholders' Relationship Committee

The Stakeholders Relationship Committee deals with the matters relating to the transfer/transmission of shares and monitor the redressal of the investors complaints relating to non-receipt of dividends, non-receipt of annual accounts etc. The Committee comprises of three members with all the members as independent directors viz. Mr. Gulshan Bijlani, Chairman, Mr. Harindra Singh, Member and Mr. Mahendra Doshi, Member. The Committee meets at frequent intervals to consider requests for share transfer or to consider shareholders' queries/complaints.

The Meetings of the Committee were held on the following dates:

30.4.2015, 31.05.2015, 30.6.2015,31.7.2015,31.08.2015,30.9.2015,31.10.2015,30.11.2015, 31.12.2015,31.01.2016,29.02.2016 and 31.3.2016.

### Name and Designation of Compliance Officer:

Ms. Lajja Shah  
Company Secretary

The company received total 35 (Thirty Five) investor complaints/request during the year for non receipt of dividend/annual reports/dematerializations which were resolved and there is no request/queries/complaint pending at the end of the year ended on 31<sup>st</sup> March 2016.

### Complaints received and redressed during the year 2015-2016

Request	Complaints received	Complaints redressed
Change of Address	2	2
Stop Transfer / Procedure for Duplicate Certificate	3	3
Correction of Name / Address	9	9
Dematerialisation of shares	2	2
Registration of NECS / ECS Details	1	1
Confirmation of Details	3	3
Procedure For Transmission / Deletion / Transposition	1	1
Issue of Duplicate Dividend Warrant	2	2
Exchange of Share Certificates	3	3
Issue of Fresh Demand Draft	4	4
Registration of Nomination	2	2
Non Receipt of Dividend / Interest / Redemption Warrant	2	2
Non Receipt of Annual Report	1	1
Total	35	35

SEBI vide Circular Ref:CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) alongwith supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Ms. Lajja Shah, company secretary is the compliance officer of the company.

## (iii) Nomination and Remuneration Committee

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry.

During the year under review, the Nomination and Remuneration Committee met Two times on 12<sup>th</sup> August, 2015 & 4<sup>th</sup> November, 2015

**Criteria for Performance evaluation:** A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

**(iv) Remuneration Policy**

The Policy *inter alia* provides for the following:

- (a) attract, recruit, and retain good and exceptional talent;
- (b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- (f) fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

The Board of Directors constituted a Nomination and Remuneration Committee comprising of three non-executive independent directors. The present members of this Committee are Mr. Harindra Singh (Chairman of the Committee), Mr. Mahendra Doshi and Mr. Gulshan Bijlani. All the members of this committee have adequate experience and financial knowledge. The Company Secretary of the company acts as secretary to the committee.

During the financial year 2015-2016 the committee met 2 times:

- 12<sup>th</sup> August 2015 for appointment of Mr. Amit Jain as CFO of the Company in place of Mr.Rajendra Agrawal.
- 4<sup>th</sup> November 2015 for appointment of Ms. Mala Todarwal as Non executive Non independent Director and acceptance of resignation of Ms.Tina Pardal as Non executive Non independent Director.

**(v) Compensation to Non-Executive Directors**

The Non Executive Directors do not draw any remuneration from the Company except the Sitting Fees which is paid to them for attending Board/Committee meetings by issuing cheques in their favor. The sitting fees paid to the directors subject to TDS during the year under review are as under:

Name of the Director	Fees for Board meeting (in Rs.)
Mr. R.K.P. Shankardass	40,000
Mr. Gulshan Bijlani	40,000
Mr. Mahendra Doshi	60,000
Mr. Harindra Singh	40,000
Mr. Dalip Sehgal	80,000
Mrs.Tina Pardal	40,000
Ms. Mala Todarwal	40,000

**(vi) Executive Directors and Remuneration**

The Managing Director and Joint Managing Director are the Executive Directors in the Company. Their remunerations are fixed by the remuneration/compensation committee and subsequently approved by the Board of Directors and the shareholders of the company.

Details of remuneration paid to the Managing Director and Joint Managing Director of the Company for the year ended March 31, 2016 are as under:

S.N.	Particulars	Amount Mr. Ravi Ghai (Rs. In Lacs)	Amount Mr. Gaurav Ghai (Rs. In Lacs)
I	Salary	30.00	24.00
II	Contribution to Provident Fund	3.60	2.88
III	Estimated monetary value of perquisites	11.85	2.25
	<b>Total</b>	<b>45.45</b>	<b>29.13</b>

None of the Directors are related to each other except Mr.Ravi Ghai being the father of Mr. Gaurav Ghai.



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## (vii) Shares held by Non Executive Directors

Name of the Director	No. of shares held
Mr. R.K.P. Shankardass	40,000
Mr. Gulshan Bijlani	17,350
Mr. Mahendra Doshi	NIL
Mr. Harindra Singh	NIL
Mr. Dalip Sehgal	NIL
Mrs. Tina Pardal (resigned on 4 <sup>th</sup> November 2015)	NIL
Mrs. Mala Todarwal (appointed on 4 <sup>th</sup> November 2015)	NIL

## (viii) Finance, Investment and Banking Operation Committee

There were no Meetings of Finance, Investment and Banking Operation Committee during the year.

The Company Secretary of the company acts as the secretary to the committee.

## 4. Meeting of Independent Directors:

The Independent Directors of the Company had met during the year on 3<sup>rd</sup> February 2016 to review the performance of non-Independent Directors and the Board as a whole, reviewed the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

The Company had also further during the year, conducted Familiarisation programme for Independent Directors of the Company and the details of such familiarisation programmes are disseminated on the website of the Company.

## 5. General Body Meetings:

(i) *The details of the Annual General Meetings held during the last three years are as follows:*

Financial Year	No. of AGM	Date, Day & Time of AGM	Venue of AGM
2014-15	54	July, 24 <sup>th</sup> 2015 at 12.30 p.m.	Dairy Tops, J-177,MIDC , Bhosari, Pune- 411 026
2013-14	53	June, 25 <sup>th</sup> 2014 at 12.00 Noon	Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026
2012-13	52	June, 28 <sup>th</sup> 2013 at 1.00 P.M.	Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026

(ii) *Special Resolutions passed in previous three Annual General Meetings are as follows:*

Date, Day & Time of AGM	Particulars of Special Resolutions passed
July 24, 2015, 12.30 p.m.	Approval of transaction with related party viz Graviss Holdings Pvt Ltd.
June 25, 2014, 12.00 Noon	N.A.
June 28, 2013, 1.00 P.M.	N.A.

(iii) *Extra-Ordinary General Meeting:*

No extra-ordinary general meeting of the company had been held during the year ended 31<sup>st</sup> March 2016.

## 6. Risk Management:

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

## 7. Whistle Blower Policy:

The company has an established mechanism for Directors/Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee The key directions/actions will be informed to the Managing Director of the Company.

## 8. Disclosures:

### (i) Related Party Transactions:

There were no material significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large. Members may refer to the notes to the accounts for details of other related party transaction.

### (ii) Compliance with regulations related to Capital Markets:

The company has complied fully with the requirements of the regulatory authorities of the capital markets. There were no instance of non-compliance nor have any penalties, or strictures have been imposed by Stock Exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

### (iii) Accounting Standards:

The company has followed the accounting standards laid down by the Institute of the Chartered Accountants of India.

### (iv) CEO/CFO Certificate:

Chief Executive Officer and Chief Financial Officer of the company have furnished the requisite certificate to the Board of Directors under clause 17 of SEBI (LODR) Regulations 2015.

## 9. Means of Communication:

The Company regularly submits quarterly results to the Bombay Stock Exchange Limited on which the shares of the Company are listed. The said results are also published in the newspapers.

- (a) The Company publishes its quarterly, half-yearly and year to date results in the Maharashtra Times and Economic Times newspapers at Pune
- (b) These results are not sent individually to its shareholders.
- (c) No presentations have been made to institutional investors or to analysts.
- (d) The Company's website – [www.gravissgroup.com](http://www.gravissgroup.com).
- (e) Management Discussion and Analysis is given separately in this Annual Report.

## 10. General Shareholder Information:

### (i) 55<sup>th</sup> Annual General Meeting:

Date and Time : 29<sup>th</sup> July, 2016 at 12.30 p.m.  
Venue : Dairy Tops, J-177, MIDC, Bhosari, Pune-411 026.

### (ii) Financial Calendar:

The Company follows April-March as its financial year. The unaudited financial result for every quarter beginning from April is declared in the month following the quarter and audited results for the year is declared within one month of the close of the year.

### (iii) Date of Book Closure:

The date of book closure is from 18<sup>th</sup> July, 2016 to 29<sup>th</sup> July, 2016 (both days inclusive) for the purpose of annual general meeting.

### (iv) Listing on Stock Exchanges:

The Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai and the Company has paid Listing Fees for the year 2016-2017 to the Stock Exchanges.

### (v) Stock Exchanges

Stock Exchanges	Stock Code	ISIN
Bombay Stock Exchange Ltd	509546	INE214F01026

### (vi) Market Price Data:

The monthly high and low quotations of shares, face value of which is Rs.2 per Equity Share, traded on the Bombay Stock Exchange Ltd. during each month in last financial year are as follows:

The Company is not listed with National stock exchange Ltd.

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<b>BSE</b>			
<b>Month</b>	<b>Month's High Price (Rs.)</b>	<b>Month's Low Price (Rs.)</b>	<b>Total Volume of Shares Transacted</b>
April15	17.90	16.15	7,422
May 15	20.00	16.65	13,440
Jun 15	17.45	15.45	14,955
Jul 15	18.50	16.65	60,617
Aug 15	29.95	17.00	92,674
Sep 15	26.75	21.05	21,155
Oct 15	25.05	20.00	17,680
Nov 15	24.65	20.05	3,362
Dec 15	27.20	20.65	58,893
Jan 16	26.15	21.00	46,895
Feb 16	22.05	18.15	7,550
Mar 16	18.50	17.55	10,097
Apr 16	21.35	18.50	10,641

Closing share price as on 31<sup>st</sup> March 2016 (Rs. 18.50)

Market capitalization as on 31<sup>st</sup> March 2016 (Rs. 130,46,03,998)

**(vii) Registrar and Share Transfer Agent:**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai 400 078.  
Contact Number: 022-2596 3838

**(viii) Share Transfer System:**

Applications for transfer of shares held in physical form are received at the office of the Company. The processing of transfers is attended immediately and share transfers are processed by Link Intime India Pvt. Ltd. - the Registrar and Share Transfer Agent of the Company. The Shareholder/Investor Grievance Committee is authorized to approve the transfers of shares and the same is ratified at the next Board Meeting.

**(ix) Shareholding pattern as on March 31, 2016**

<b>Category</b>	<b>No. of Shareholders</b>	<b>No. Of Shares</b>	<b>Percentage of</b>
<b>Promoters Holding</b>			
Indian Promoters	7	5,27,36,710	74.78
Foreign Promoter		Nil	Nil
Persons Acting in Concert		Nil	Nil
Promoters relatives, related firms, trusts & HUFs		Nil	Nil
<b>Non-Promoter Holdings Institutional Investor</b>			
(a) Mutual Funds & UTI		Nil	Nil
(b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-government Institutions)	1	1,250	0.00
(i) General Insurance Corporation of India		Nil	Nil
(ii) Nationalised Banks		Nil	Nil
(c) FIIs		Nil	Nil

# GRAVISS HOSPITALITY LIMITED

Category	No. of Shareholders	No. Of Shares	Percentage of
<b>Others</b>			
Private Corporate Bodies	26	10,06,294	1.44
Indian Public	1,255	15,38,925	2.18
N.R.I. & NRN	9	10,853	0.01
OCB's	1	36,16,932	5.13
Foreign Companies	2	1,14,10,943	16.18
Trust	1	94,660	0.13
Directors / Relatives	2	57,350	0.08
Clearing Member	9	18,297	0.03
<b>Hindu Undivided Family</b>	<b>18</b>	<b>26,921</b>	<b>0.04</b>
<b>Total</b>	<b>1,332</b>	<b>70,519,135</b>	<b>100.00</b>

## Distribution of Shareholding (Rupees) as on March 31, 2016

Shareholding of Nominal Value (Rupees)	No. of Shareholders	% of Total	Share Capital Amount (Rupees)	% of Total
1 – 4000	1,178	88.44	12,28,840	0.87
4001 – 8000	49	3.68	2,84,332	0.20
8001 – 10000	46	3.45	4,14,428	0.29
10001 – 20000	25	1.88	3,47,086	0.25
20001 – 99999999	34	2.55	13,87,63,584	98.39
<b>Total</b>	<b>1,332</b>	<b>100</b>	<b>14,10,38,270</b>	<b>100</b>

### (x) Dematerialization of Shares and Liquidity:

The equity shares of the Company are traded on the Bombay Stock Exchange Limited. The Company has entered into an agreement with both National Securities Depository Limited and Central Depository Services Limited for dematerialization of equity shares of the company. Approximately, 65291577 (92.59%) of the equity shares of the company have been dematerialized as on 31<sup>st</sup> March 2016.

### (xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs and therefore there were no outstanding GDRs/ADRs.

### (xii) Plant Locations:

**Unit** : Hotel Inter-Continental Marine Drive, 135, Netaji Subhash Road, Mumbai 400 020.

**Mayfair Banquets Locations** : 254-C, Dr. Annie Besant Road, Worli, Mumbai 400 030.

### (xiii) Address for Investor Correspondence:

In case of any query or assistance, the investors may contact or write to:

#### Registered Office

Dairy Tops, Plot No. J-177, MIDC  
Bhosari, Pune-411 026, Maharashtra  
Tel: 020-3068 1102/3068 1139 Fax: 020-2747 7996

#### Administrative Office

254-C, Dr. Annie Besant Road,  
Worli, Mumbai-400 030.  
Tel: 022 – 4050 1111 Fax: 022 – 2491 5555

#### Registrar & Transfer Agent

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),  
Mumbai 400 078 Tel: 022-2596 3838, Fax: 022-2596 2691

#### Mrs. Lajja Shah

Company Secretary & Compliance Officer  
254-C, Dr. Annie Besant Road, Worli, Mumbai-400 030  
Tel: 022 – 4050 1111 Fax: 022 – 2491 5555

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## **(xiv) Unclaimed Dividends:**

The dividend remaining unclaimed/unpaid has been transferred to the Graviss Hospitality Ltd. unpaid dividend A/c. However, there is Rs. 3,31,649.68 dividend remaining unpaid or unclaimed for the period of seven years from the date of transfer to unpaid dividend account, which requires to be transferred to Investor Education and Protection Fund.

<b>Financial Year (nature of dividend)</b>	<b>Unpaid/Unclaimed dividend as on 31.03.2016 (Rupees)</b>	<b>Date of declaration</b>	<b>Due Date of transfer to IEPF</b>
2009-10 (Interim)	69,907.60	29/01/2010	07/02/2017
2010-11 (Interim)	68,773.32	31/01/2011	07/02/2018
2010-11 (final)	24,912.22	30/06/2011	05/08/2018
2011-12 (Interim)	99,378.36	31/01/2012	07/02/2019
2012-13 not declared	—	—	—
2013-14 not declared	—	—	—
2014-15 not declared	—	—	—

## **(xv) Nomination:**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose favor the shares shall be transferable in case of death of the registered shareholder. Nomination forms can be obtained from the company's registrar and share transfer agent. The nomination facility in respect of shares in electronic form is also available with depository participants.

## **(xvi) Certificate on Corporate Governance:**

The company has obtained a certificate from the auditors of the company confirming compliances with the conditions of corporate governance.

## Practising Company Secretary's Report on Corporate Governance

### To the Members of

We have examined the compliance of the conditions of Corporate Governance by **GRAVISS HOSPITALITY LIMITED** ('the Company') for the year ended on March 31, 2016 as stipulated in Regulation 27 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (hereinafter referred to as "said Regulations") and the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 27 of the said Regulations.

We state that as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Stakeholder Relationship Committee, no investor grievances are pending for a period exceeding one month against the Company.

We further 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. Martinho Ferrao & Associates

Company Secretaries

Proprietor

Place : Mumbai

Membership No. 6221

COP : 5676

Date: 24/05/2016

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## Certification by Joint Managing Director and Chief Financial Officer

We hereby certify that for the financial year ended 31<sup>st</sup> March, 2016, we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2016, which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - (a) There have been no significant changes in internal control during this year.
  - (b) There have been no significant changes in accounting policies during this year.
  - (c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control systems.

Place: Mumbai  
Date: 24<sup>th</sup> May, 2016

**AMIT JAIN**  
Chief Financial Officer

**GAURAV GHAI**  
Joint Managing Director

# 55TH ANNUAL REPORT

## Declaration by Chairman and Managing Director on code of conduct under clause 49 of the listing agreement

To

The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2016.

Place: Mumbai

Date: 2<sup>nd</sup> April, 2016

**RAVI GHAI**

*Chairman and Managing Director*

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## Management Discussion and Analysis

### Industry Structure and Developments

#### Overview of Tourism and Indian Economy:

The financial year 2015-2016 has been challenging for the world at large. The corporate world had been engaged in cost cutting via drastic cut backs on non essential expenses; this drop in corporate travel had adversely affected the Indian Hospitality sector. The government too is making conscious efforts to revive the industry through a slew of policy decisions as many new and ongoing hotel projects had stalled during the downturn. The Indian Hospitality industry is beginning to show a few signs of recovery.

#### Opportunities:

The Hotel industry in India is expected to boom with rising room rates and on high occupancy rates. The Country is facing a shortage of hotel rooms and the industry needs to more than double its room inventory from the current levels. India is becoming the epicenter for outsourcing and new age businesses and the growth in the economy is attracting tourists from all around the world. With increase in the disposable income in the hands of people, domestic tourism has also been rising very rapidly. The demand and supply imbalance of hotel rooms is pushing average room rates (ARR) further as new properties are not coming up at the same place. This represents a significant opportunity for the Company.

#### Threats:

The Hotel industry is cyclical and sensitive to changes in the economy and this could have a significant impact on operations and financial results of the company. Act of violence or war, in India or other neighboring countries, may affect Indian and worldwide economic markets. Increased competition in the hotel sector may adversely affect the operation of our Hotel. Surging room rates may impact room demand from foreign leisure travel segment.

#### Outlook:

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualise strong economic growth in the advanced economies in 2016. The implications for this, for India's strategy to return to the 8.0% growth trajectory are that public policy must promote business confidence and facilitate increased investment. Despite a positive long term view, the current business environment remains challenging. The strong macro economic outlook is expected to continue providing momentum for growth of the hotel industry in India. It should be noted that that the base for tourism in India is still very low. The sudden surge in demand for hotel accommodation over the last three years has inflated hotel rooms in the country. However, a number of international brands across all hotel segments are planning to or have recently entered the Indian market. Domestic hotel chains, too, are embarking on strong expansion and development plans across all hotel segments. As the gap between supply and demand for hotel accommodation narrows over the next few years, we expect room rates to rationalize, which would encourage leisure travel.

## **Auditors' Certificate on Corporate Governance**

We have examined the compliance of conditions of Corporate Governance by **Graviss Hospitality Limited** (the Company) for the year ended on 31<sup>st</sup> March, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015 and as per the relevant provisions of Securities and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

We further 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 **V. Shankar Aiyar & CO.**  
*Chartered Accountants*  
*Firm Regn. No. 109208W*

**G. SANKAR**  
*Partner*

Membership No. 046050

Place: Mumbai

Dated: 24<sup>th</sup> May, 2016



# 55TH ANNUAL REPORT

## Independent Auditors' Report

To the Members of Graviss Hospitality Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GRAVISS HOSPITALITY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) 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 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 thereunder.

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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

### Emphasis of Matter

Without qualifying our opinion, attention of the members is drawn to Note 27.B.17, in view of the matter stated therein relating to the accumulated losses of two subsidiaries as at 31st March, 2016, keeping in mind the factors stated in the Note, there is no diminution in the value of investments in the subsidiaries and the loans given to the subsidiaries are considered good of recovery.

### 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 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 report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

# GRAVISS HOSPITALITY LIMITED

- (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 Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27.B.1.A to the financial statements;
  - (ii) The Company did not have any foreseeable losses on long-term contracts including derivative contracts.
  - (iii) there was no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- (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".

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

Place: Mumbai  
Dated: 24<sup>th</sup> May, 2016

**G. SANKAR**  
*Partner*  
Membership No. 46050

# 55TH ANNUAL REPORT

## Annexure to the Auditors' Report

### "Annexure A" referred to in the Auditor's Report to the Members of Graviss Hospitality Limited on the Financial Statements for the year ended 31<sup>st</sup> March 2016.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, physical verification of high value fixed assets was carried out by an external agency during the year. As certified by the said agency there were no material discrepancies noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification as compared to the record of inventories.
- (iii) According to the information and explanations given to us, the company has not granted any loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not granted any loans, guarantees or security and has not made investments to which the provisions of section 185 and 186 of the Companies Act, 2013 apply.

The company had granted interest free long term unsecured loans to two subsidiary companies in terms of Special Resolution passed by the Shareholders on 28th April 2006 in accordance with the provisions of section 372A of the Companies Act, 1956. (Attention is also invited to Note 27.B.17 to the financial statements).

- (v) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for any of the products of the Company.
- (vii) (a) According to the records maintained by the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues where applicable.  
  
According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were in arrears, as at 31st March, 2016, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company, there are no dues of sales tax / customs duty / wealth tax / service tax / excise duty / cess, which have not been deposited on account of any dispute. In case of Income Tax the amount of demand not deposited on account of disputes is Rs.81.20 lacs in respect of AY 2010-11 to 2012-13 and the disputes are pending before the Appellate authorities of Income Tax department . In case of VAT, there is a disputed demand of tax and penalty of Rs. 88 lacs for the year 2010-11 which is contested before the Appellate Tribunal, Delhi/High Court.
- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. The company has not taken any loan from any financial institution or by way of issue of debentures.
- (ix) According to the information and explanations given to us and the records of the company, the company has not raised money by way of initial public offer or further public offer during the year. In our opinion, the term loans taken during the year have, prima facie, been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us and based on audit procedures performed and representations obtained from the management, we report that no fraud on or by the company, has been noticed or reported during the year under audit.
- (xi) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence clause (xii) of the order is not applicable.
- (xiii) The Ministry of Corporate Affairs have vide their approval u.s.297(1) of the Companies Act, 1956 dated 28.03.2014 accorded

# GRAVISS HOSPITALITY LIMITED

approval for entering in to contract (services & sales)with Graviss Holdings Pvt.Ltd.and Rich Graviss Products Pvt.Ltd. The Audit Committee of the Board of Directors of the company have also approved the contracts entered in to with the said parties.

Considering the aforesaid approvals and according to the information and explanations given to us, that the aforesaid contracts were entered in to at reasonable rates, the transactions with the related parties were in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by Accounting Standard 18 - Related Party Disclosures.

- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on verification of records, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

Place: Mumbai  
Dated: 24<sup>th</sup> May, 2016

**G. SANKAR**  
*Partner*  
Membership No. 46050

# 55TH ANNUAL REPORT

## **“Annexure B” referred to in the Auditor’s Report to the Members of Graviss Hospitality Limited on the Financial Statements for the year ended 31<sup>st</sup> March 2016.**

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 Graviss Hospitality Limited as of March 31st, 2016 in conjunction with our audit of the 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”. 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.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, 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.

### **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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 March 31, 2016 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 **V. SANKAR AIYAR & CO.**

*Chartered Accountants*

Firm Registration No. 109208W

Place: Mumbai

Dated: 24<sup>th</sup> May, 2016

**G. SANKAR**

*Partner*

Membership No. 46050

# 55TH ANNUAL REPORT

## Balance Sheet

as at 31st March, 2016

Particulars	Note No.	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	1,410.39	1,410.39
Reserves and Surplus	2	23,045.54	23,153.30
		<u>24,455.93</u>	<u>24,563.69</u>
<b>Non-current Liabilities:</b>			
Long-term borrowings	3	178.80	203.62
		<u>178.80</u>	<u>203.62</u>
<b>Current Liabilities:</b>			
Short-term borrowings	4	736.09	487.65
Trade payables		373.06	406.07
Other current liabilities	5	466.68	422.30
Short-term provisions	6	5.37	8.62
		<u>1,581.20</u>	<u>1,324.64</u>
<b>TOTAL</b>		<u><u>26,215.93</u></u>	<u><u>26,091.95</u></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets:			
Tangible assets	7	13,573.09	13,797.27
In-tangible assets	8	1.66	6.54
Capital work-in-progress		46.41	2.08
		<u>13,621.16</u>	<u>13,805.89</u>
Non-current investments	9	21.66	21.66
Long-term loans and advances	10	11,336.67	11,129.76
Other non-current assets	11	60.99	53.75
Deferred tax asset / (liability) – (Net)	12	22.10	(117.03)
		<u>25,062.58</u>	<u>24,894.03</u>
<b>Current Assets:</b>			
Current Investment	13	0.17	0.17
Inventories	14	162.31	151.12
Trade receivables	15	710.47	647.70
Cash and Bank Balances	16	126.58	205.08
Short-term loans and advances	17	153.82	193.84
		<u>1,153.35</u>	<u>1,197.91</u>
<b>TOTAL</b>		<u><u>26,215.93</u></u>	<u><u>26,091.94</u></u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENT	27		

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

**G. SANKAR**

Partner (Membership No. 046050)

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**

Joint Managing Director

**AMIT JAIN**

Chief Financial Officer

**GULSHAN BIJLANI**

Director

**Lajja Shah**

Company Secretary

**Statement of Profit and Loss Account**  
for the year ended 31st March, 2016

Particulars	Note No.	For the year 31/03/2016 (Rs. in lacs)	For the year 31/03/2015 (Rs. in lacs)
<b>INCOME</b>			
Revenue from operations	18	4,720.36	4,863.81
Other Income	19	21.74	25.72
<b>Total Revenue</b>		<b>4,742.10</b>	<b>4,889.53</b>
<b>EXPENSES</b>			
Purchases	20	763.31	740.54
Changes in Stock	21	(9.24)	81.88
Employee benefits expense	22	1,323.04	1,295.58
Finance costs	23	121.58	119.15
Depreciation and amortisation expenses	24	462.70	545.10
Other expenses	25	2,327.60	2,370.15
<b>Total Expenses</b>		<b>4,988.99</b>	<b>5,152.40</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(246.89)</b>	<b>(262.87)</b>
<b>Tax expense:</b>			
Deferred Tax (Net) (Refer Note "4")		139.13	50.00
Tax relating to earlier years		—	(12.00)
<b>PROFIT/(LOSS) FOR THE PERIOD AFTER TAX</b>		<b>(107.76)</b>	<b>(224.87)</b>
<b>Earning per equity share – Rs.</b>	26		
(a) Basic		<b>(0.15)</b>	(0.32)
(b) Diluted		<b>(0.15)</b>	(0.32)
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS</b>	27		

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

**G. SANKAR**

Partner (Membership No. 046050)

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**  
Joint Managing Director

**AMIT JAIN**  
Chief Financial Officer

**GULSHAN BIJLANI**  
Director

**Lajja Shah**  
Company Secretary



# 55TH ANNUAL REPORT

## Cash Flow Statement for the Year Ended 31st March, 2016

Particulars	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation and extraordinary item	(246.89)	(262.87)
Adjusted for:		
Depreciation/Amortisation	462.70	545.10
(Profit)/loss on sale of fixed assets	—	3.50
Interest income	(12.04)	(17.24)
Dividend income	(0.08)	—
Interest expense	121.58	119.15
<b>Operating profit before working capital changes</b>	<b>325.27</b>	<b>387.64</b>
Increase/(decrease) in trade payables	(33.01)	81.62
Increase/(decrease) in short-term provisions	(3.25)	(10.43)
Increase/(decrease) in other current liabilities	84.39	110.90
Decrease/(Increase) in trade receivables	(62.77)	(91.01)
Decrease/(Increase) in other bank balances	55.36	72.06
Decrease/(Increase) in inventories	(11.18)	66.92
Decrease/(Increase) in long-terms loans and advances	(206.88)	(297.51)
Decrease/(Increase) in short-terms loans and advances	40.02	15.18
Decrease/(Increase) in other non-current assets	(7.25)	(8.53)
<b>Cash generated from operations</b>	<b>180.70</b>	<b>326.85</b>
Income tax paid	(40.01)	(44.30)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>140.69</b>	<b>282.55</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(277.99)	(435.39)
Proceeds from sale of fixed assets	—	0.50
Interest received	12.04	17.24
Dividend received	0.08	—
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(265.87)</b>	<b>(417.65)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (Repayment) from Long-term borrowings	(24.82)	69.09
Proceeds from Short-term borrowings	248.44	(40.84)
Interest paid	(121.58)	(119.15)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>102.04</b>	<b>(90.90)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(23.14)</b>	<b>(226.00)</b>
<b>Net Increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of year:		
Cash on hand and balances with banks	143.83	369.83
<b>Total (D)</b>	<b>143.83</b>	<b>369.83</b>
Cash and cash equivalents at end of year:		
Cash on hand and balances with banks	120.69	143.83
<b>Total (E)</b>	<b>120.69</b>	<b>143.83</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents (E-D)</b>	<b>(23.14)</b>	<b>(226.00)</b>

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

**G. SANKAR**

Partner (Membership No. 046050)

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**  
Joint Managing Director

**AMIT JAIN**  
Chief Financial Officer

**GULSHAN BIJLANI**  
Director

**Lajja Shah**  
Company Secretary

# GRAVISS HOSPITALITY LIMITED

## Notes forming part of the Financial Statements as at 31st March, 2016

	<b>As at 31/03/2016 (Rs. in lacs)</b>	<b>As at 31/03/2015 (Rs. in lacs)</b>
<b>NOTE '1' – SHARE CAPITAL</b>		
<b>(a) Authorised:</b>		
230,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company	230.00	230.00
113,500,000 Equity shares of Rs. 2 each	<u>2,270.00</u>	<u>2,270.00</u>
	<u><b>2,500.00</b></u>	<u><b>2,500.00</b></u>
<b>(b) Issued, Subscribed and fully paid-up:</b>		
70,519,135 Equity shares of Rs. 2 each for cash	1,410.39	1,410.39
<u>70,519,135</u>	<u>1,410.39</u>	<u>1,410.39</u>
(70,519,135)		
<b>(c) Reconciliation of the number of shares</b>		
Opening	<u>70,519,135</u>	<u>70,519,135</u>
Closing	<u><b>70,519,135</b></u>	<u><b>70,519,135</b></u>
<b>(d) Share held by each shareholder holding more than 5% shares</b>		
<b>— Equity shares of Rs. 2 each fully paid</b>		
Graviss Holdings Private Limited – 30.93% (30.93%)	21,813,970	21,813,970
Satinetta Finlease & Investments Private Limited – 32.57% (32.57%)	22,967,844	22,967,844
Dunearn Investments (Mauritius) Pte Limited – 9.96% (9.96%)	7,025,708	7,025,708
Inter Continental Hotels Corporation, USA – 6.22% (6.22%)	<u>4,385,235</u>	<u>4,385,235</u>
<b>NOTE '2' – RESERVES AND SURPLUS</b>		
<b>Capital Reserves:</b>		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad – As per last account	<u>7.78</u>	<u>7.78</u>
Warrants Forfeited Account: As per last account	<u>850.01</u>	<u>850.01</u>
	<u>850.01</u>	<u>850.01</u>
Share Premium Account: As per last account	<u>9,183.07</u>	<u>9,183.07</u>
	<u>9,183.07</u>	<u>9,183.07</u>
Capital Redemption Reserve Account As per last account	<u>318.52</u>	<u>318.52</u>
	<u>318.52</u>	<u>318.52</u>
General Reserve: As per last account	<u>11,320.29</u>	<u>11,320.29</u>
	<u><b>11,320.29</b></u>	<u><b>11,320.29</b></u>
<b>Profit and Loss Account:</b>		
Opening balance	1,473.63	1,698.50
Add: Net profit after tax transferred from Statement of Profit and Loss	<u>(107.76)</u>	<u>(224.87)</u>
Balance in Profit and Loss account	<u>1,365.87</u>	<u>1,473.63</u>
	<u><b>23,045.54</b></u>	<u><b>23,153.30</b></u>

# 55TH ANNUAL REPORT

## Notes forming part of the Financial Statements as at 31st March, 2016

	<b>As at 31/03/2016 (Rs. in lacs)</b>	As at 31/03/2015 (Rs. in lacs)
<b>NOTE '3' – LONG TERM BORROWINGS</b>		
<b>(A) Term loan from Bank: (Refer Note "5" below)</b>		
Axis Bank		
Term Loan (Secured) – I	153.22	199.40
<b>Note:</b>		
Term loan from bank carries interest @ 12.15% p.a. The loan is repayable in 59 monthly instalments of Rs. 8.33 lacs each along with interest, from February 2014. The loan is secured by exclusive first charge of entire movable fixed assets and extension of first charge by way of hypothecation over entire current assets of the company.		
Term Loan (Secured) – II	25.58	—
<b>Note:</b>		
Term loan from bank carries interest @ 12.15% p.a. The loan is repayable in 60 monthly instalments of Rs. 6.25 lacs each along with interest, from April 2016. The loan is secured by exclusive first charge of entire movable fixed assets and extension of first charge by way of hypothecation over entire current assets of the company.		
<b>(B) Deferred payment liabilities:</b>		
(carry interest rates ranging from 10% to 12%, repayable in various EMLs and secured by hypothecation of vehicles)	—	4.21
	<b>178.80</b>	<b>203.61</b>
<b>NOTE '4' – SHORT TERM BORROWINGS</b>		
<b>Overdraft from Bank:</b>		
Axis Bank	736.09	487.65
<b>Note:</b>		
Overdraft from bank carries interest @ 11.65% p.a. The loan is repayable on demand. The loan is secured by exclusive first charge by way of hypothecation over entire current assets and first charge on entire movable fixed assets of the company.		
	<b>736.09</b>	<b>487.65</b>
<b>NOTE '5' – OTHER CURRENT LIABILITIES</b>		
Unpaid Dividends (Not due to be deposited into Investor Education and Protection Fund)	2.63	3.34
Interest free security deposits and advance from customers	12.92	11.12
Expenses payable	196.45	186.33
Gratuity obligation	108.41	105.98
<b>Statutory dues payable</b>		
– TDS payable	16.02	13.56
– VAT payable	30.58	28.12
– Luxury Tax payable	12.79	11.57
– Advance Income tax (net)	(104.58)	(64.56)
– Others (Provident Fund, ESIC etc)	12.29	11.92
<b>Current maturities of long term debt: (Refer Note "3" above)</b>		
Term Loans repayable in 12 months		
– Indian Rupee Loan	174.96	99.96
– Deferred Payment Liability	4.21	14.96
	<b>466.68</b>	<b>422.30</b>

# GRAVISS HOSPITALITY LIMITED

## Notes forming part of the Financial Statements as at 31st March, 2016

	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>NOTE '6' – SHORT-TERM PROVISIONS</b>		
Provision for leave benefits	5.37	8.62
	5.37	8.62

### NOTE '7' (Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2015	Additions	Deductions/ Adjustments	As at 31/03/2016	Upto 31/03/2015	For the Year	Deductions/ Adjustments	Upto 31/03/2016	As at 31/03/2016	As at 31/03/2015
<b>Tangible Assets:</b>										
Land- Leasehold (refer note below)	10,272.33	—	—	10,272.33	—	—	—	—	10,272.33	10,272.33
Buildings.	3,688.89	61.80	—	3,750.69	1,300.06	125.48	—	1,425.54	2,325.15	2,388.83
Premises	95.89	—	—	95.89	35.64	16.34	—	51.98	43.91	60.24
Plant and Equipment.	926.79	50.39	—	977.18	774.88	53.01	—	827.89	149.29	151.91
Furniture and Fixtures.	2,543.25	84.29	—	2,627.54	2,123.85	97.42	—	2,221.27	406.27	419.42
Vehicles.	175.60	—	—	175.60	118.69	27.07	—	145.76	29.84	56.91
Office equipment.	805.31	25.06	—	830.37	388.98	110.42	—	499.40	330.97	416.33
Computers	390.73	11.42	—	402.15	359.43	27.39	—	386.82	15.33	31.30
<b>TOTAL</b>	18,898.79	232.96	—	19,131.75	5,101.53	457.13	—	5,558.66	13,573.09	13,797.27
	18,397.71	509.82	8.74	18,898.79	4,566.38	539.89	4.74	5,101.53	13,797.27	

Note: Leasehold land from Collector of Mumbai for 99 years which is renewable at the option of the both the parties.

### NOTE '8' (Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2015	Additions	Deductions/ Adjustments	As at 31/03/2016	Upto 31/03/2015	For the Year	Deductions/ Adjustments	Upto 31/03/2016	As at 31/03/2016	As at 31/03/2015
<b>Intangible Assets:</b>										
Computer software	41.03	0.69	—	41.72	34.49	5.57	—	40.06	1.66	6.54
<b>TOTAL</b>	41.03	0.69	—	41.72	34.49	5.57	—	40.06	1.66	6.54
	39.20	1.83	—	41.03	29.28	5.21	—	34.49	6.54	

# 55TH ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2016

	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>NOTE '9' – NON CURRENT INVESTMENT</b>		
<b>TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE):</b>		
<b>Unquoted equity instruments:</b>		
Investment in subsidiaries		
50,000 of Graviss Hotels and Resorts Limited of Rs. 10 each	5.00	5.00
76,422 (out of which 50 jointly held with third parties) of Graviss Catering Private Limited of Rs. 10 each	12.89	12.89
<b>NON-TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE):</b>		
Unquoted:		
530 Equity shares of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20 Shares of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	0.01	0.01
*1,857 Equity shares of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56
Quoted:		
3,820 Equity Shares of Edelweiss Capital Limited of Rs.1 each	3.15	3.15
	<b>21.66</b>	<b>21.66</b>
Aggregate value of unquoted investments	18.51	18.51
Aggregate value of quoted investments	3.15	3.15
Market value of quoted investments	2.15	2.44
*(Note: 190 shares are held in the name of Mr Ravi Ghai, Chairman and Managing Director and Mr Gaurav Ghai, Joint Managing Director of the Company)		
<b>NOTE '10' – LONG-TERM LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD:</b>		
Security Deposits	1,606.55	1,623.63
<b>Loans to subsidiary companies:</b>		
– Graviss Hotels and Resorts Limited	9,240.32	9,031.52
– Graviss Catering Private Limited	189.80	174.61
Capital advance	300.00	300.00
	<b>11,336.67</b>	<b>11,129.76</b>
<b>NOTE '11' – OTHER NON-CURRENT ASSETS:</b>		
Margin Money Deposit with Bank	60.99	53.75
	<b>60.99</b>	<b>53.75</b>
<b>NOTE '12' – DEFERRED TAX ASSET / (LIABILITY):</b>		
Deferred tax liability:		
Depreciation on fixed assets	115.10	165.35
Deferred tax asset:		
Expenses allowed on payment basis	67.05	48.32
Unabsorbed Depreciation	70.15	—
	<b>22.10</b>	<b>(117.03)</b>

## Notes forming part of the Financial Statements as at 31st March, 2016

	<b>As at 31/03/2016 (Rs. in lacs)</b>	<b>As at 31/03/2015 (Rs. in lacs)</b>
<b>NOTE '13' – CURRENT INVESTMENTS IN MUTUAL FUNDS (Valued at lower of cost and market value):</b>		
176 units of Rs. 10 each in Birla Sun Life Short Term Fund	0.17	0.17
	0.17	0.17
Aggregate value of current quoted investments	0.17	0.17
Net Assets Value (NAV) of Mutual Funds	0.20	0.20
<b>NOTE '14' – INVENTORIES (Valued at lower of cost and net realisable value):</b>		
Food and Beverages	123.39	114.15
Stores and Other Operating Supplies	38.92	36.97
	162.31	151.12
<b>NOTE '15' – TRADE RECEIVABLES:</b>		
Debts outstanding for a period exceeding six months – (Secured, considered good)	30.39	30.39
Debts outstanding for a period exceeding six months – (Unsecured, considered good)	11.32	9.00
Other debts	668.76	608.31
	710.47	647.70
<b>NOTE '16' – CASH AND BANK BALANCES:</b>		
<b>Cash and Cash Equivalents</b>		
Current accounts	101.84	135.27
Cash on hand	18.86	8.56
<b>Other Bank Balances:</b>		
Unpaid Dividend accounts	2.63	3.34
Fixed Deposit with banks maturing within one year	3.25	57.91
	126.58	205.08
<b>NOTE '17' – SHORT-TERM LOANS AND ADVANCES:</b>		
(Unsecured, considered good)		
<b>Advances to others:</b>		
Prepaid expenses	80.80	76.39
Loans to employees	9.52	16.44
Balances with statutory/government authorities	5.60	2.29
Advance to suppliers	54.70	41.05
Other advances	3.20	57.67
	153.82	193.84
<b>NOTE '18' – REVENUE FROM OPERATIONS</b>		
Sales-Rooms	1,662.28	1,723.67
Sales-Food and Beverages	2,683.95	2,800.68
Sales of services	374.13	339.46
	4,720.36	4,863.81

# 55TH ANNUAL REPORT

Notes forming part of the Financial Statements as at 31st March, 2016

	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>NOTE '19' – OTHER INCOME</b>		
Interest received on deposits with banks	12.04	17.24
Dividend Income	0.08	—
Unclaimed Credit balances written back	—	1.05
Exchange Rate Difference (net)	—	0.03
Foreign Exchange Commission	2.62	2.33
Miscellaneous receipts	7.00	5.07
	<u>21.74</u>	<u>25.72</u>
<b>NOTE '20' – PURCHASES</b>		
Food and Beverages items	763.31	740.54
	<u>763.31</u>	<u>740.54</u>
<b>NOTE '21' – CHANGES IN STOCK (Food &amp; Beverages items)</b>		
Opening stock	114.15	196.03
Closing stock	123.39	114.15
(Increase)/Decrease in stock	<u>(9.24)</u>	<u>81.88</u>
<b>NOTE '22' – EMPLOYEE BENEFITS EXPENSE (Refer note "27.B.3")</b>		
Salaries and Wages (including bonus and gratuity)	1,213.71	1,184.40
Contributions to:		
Provident, Family Pension and other Funds	67.57	66.80
Staff welfare expenses	41.76	44.38
	<u>1,323.04</u>	<u>1,295.58</u>
<b>NOTE '23' – FINANCE COSTS</b>		
Interest expense (Bank loans)	121.58	119.02
Other borrowing costs	—	0.13
	<u>121.58</u>	<u>119.15</u>
<b>NOTE '24' – DEPRECIATION AND AMORTISATION EXPENSES:</b>		
Depreciation of tangible assets	457.13	539.89
Amortisation of intangible assets	5.57	5.21
	<u>462.70</u>	<u>545.10</u>

## Notes forming part of the Financial Statements as at 31st March, 2016

	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>NOTE '25' – OTHER EXPENSES</b>		
<b>Operating Expenses:</b>		
Power, Fuel and Water	332.87	329.04
Repairs and Maintenance:		
Building	58.05	64.54
Machinery	16.40	10.63
Others	138.44	142.67
Stores and Supplies including Linen and Uniforms	99.71	98.79
Washing and Laundry expenses	65.17	75.43
Business Operating expenses	205.53	210.66
Music and other Operating expenses	124.94	138.50
<b>General Expenses:</b>		
Rent	12.67	13.18
Rates and Taxes	125.69	111.01
Insurance	29.08	33.09
Hire charges	8.91	16.12
Advertisement and Sales Promotion	224.25	200.13
Commission on Sales	63.03	52.37
Travelling and Conveyance	253.17	249.42
Printing and Stationery	25.66	23.81
Postage and Telephones	41.75	40.35
Other expenses	114.70	195.86
Payments to Auditors (Note "27.B.4")	8.60	8.54
Legal and Professional charges	204.36	179.14
Franchise and Corporate Service fees	171.07	168.52
Directors Sitting fees	3.55	4.85
Loss on sale of Assets	—	3.50
	<b>2,327.60</b>	<b>2,370.15</b>

## NOTE '26' – EARNING PER EQUITY SHARE (Basic and Diluted)

Net profit after Taxation (in Rs.)	(107.76)	(224.87)
Weighted average number of equity shares	70,519,135	70,519,135
Earnings per equity shares (in Rs.)	(0.15)	(0.32)
Nominal value per share (Rs.)	2.00	2.00



# 55TH ANNUAL REPORT

## NOTE '27'

### SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016.

#### A. Significant Accounting Policies

##### I SYSTEM OF ACCOUNTING

- (a) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.  
The financial statements have been prepared in all material respects in accordance with the accounting standards as specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) rules, 2014.
- (b) Financial statements are prepared on historical cost basis and as a going concern.

##### II USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

##### III FIXED ASSETS AND DEPRECIATION

- (a) **Fixed Assets**  
Fixed assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.
- (b) **Depreciation**  
Depreciation is charged in the Accounts on straight line method in accordance with the useful life specified in the Companies Act 2013 or the useful life as determined by Chartered Engineer's report in respect of the following assets:

Building	30 years
Air-conditioning plant, cooking machinery, security and fire fighting equipments	15 years
Furniture, fixtures including interior design	8 years

  
Residual value of building and vehicles is estimated 5% of the original cost and at Nil value for all other assets.

##### IV REVENUE RECOGNITION

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will follow to the company.

- (a) Sales : Revenue is recognized on accrual basis. Sales comprise of sale of goods and services and are net of Value Added Tax and Service Tax.
- (b) Interest : Revenue is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.
- (c) Dividends : Revenue is recognized when the right to receive payment is established.

##### V INVESTMENTS

The Company's investments comprise long term and current investments. Long Term investments are stated at cost less permanent diminution, if any, in value. Current investments are stated at lower of cost or market value.

##### VI INVENTORIES

Inventories are valued at cost. Cost is computed at purchase price and other related expenses incurred in bringing the inventories to their present location and condition.

##### VII FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions.
- (b) Monetary items denominated in foreign currencies (such as cash receivables, payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date.
- (c) Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc) are valued at the exchange rate prevailing on the date of transaction.
- (d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted in the Profit & Loss Account, except as indicated in Note B-12 below

##### VIII BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

##### IX EMPLOYEE BENEFITS

- (a) Contributions to Provident are made to Employees Provident Fund of the Government and are charged to Profit & Loss Account.
- (b) The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Met Life Insurance Co. Premium charged by the Met Life Insurance Co, based on actuarial valuation is debited to the Profit and Loss account.
- (c) Liability towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.

##### X PROVISIONS & CONTINGENCIES

- (a) A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- (b) Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- (c) Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

##### XI TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act,1961. Credit in respect of Minimum Alternate Tax paid is recognized only if there is convincing evidence of realization of the same.

Notes 27 — (Contd.)

Deferred Tax which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

**XII IMPAIRMENT OF ASSET**

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

**XIII LEASES**

Assets acquired under finance leases are capitalized at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.

Operating lease expense is recognized in the Profit and Loss Account on straight line basis over the lease term.

**B. Other Notes forming part of Financial Statements**

**1. A. Contingent Liabilities:**

- (i) Bank Guarantees given to the extent of Rs. 13.61 lacs (previous year Rs. 13.61 lacs).
- (ii) During the year the Company has received order in favour from Appellate Tribunal for the assessment year 2008-09. The Company is hopeful of getting the order in favour from the Appellate Authorities in respect of income tax demand of Rs. 81.20 lacs for the assessment year 2010-11 to 2012-13 since the Company has got the tribunal order in its favour in respect of the similar disallowances / additions to income for the assessment year 2008-09 and accordingly no provision is made for the same in the financial statements.
- (iii) In the matter of VAT demand and penalty of Rs. 88 lacs for the year 2010-11, the Appellate Tribunal Delhi has ordered the company to deposit Rs.16 lacs for admission of appeal against which the company has gone for appeal to the High Court, Delhi. The Company is hopeful of getting the order in its favour and hence has not made provision for the same in the financial statements.
- (iv) The Company has received Show Cause notice from Service Tax Authorities denying the utilization of input tax credit of one unit against the tax payable of another unit for the years 2009-10 to 2012-13 for an amount of Rs. 101lacs. The company has replied to the Commissioner. The company has been legally advised that they would not result in outflow of the resources, considering various judgements in favour of the Company on similar issue.

**B. Capital and Other Commitments**

Estimated amount of contracts remaining to be executed on capital account- Rs. 28 lacs – (Previous year NIL)

Note: Commitments which are material and which will result in a penalty disproportionate to the benefits involved, based on the judgement of the management are only disclosed.

**2. Retirement benefit**

**Disclosure pursuant to Accounting Standard -15 (Revised) Employee Benefits:**

The Company has classified the various benefits provided to employees as under:

**Defined Contribution Plans:**

The company has recognized contribution to Provident Fund of Rs.61 lacs in the Profit & Loss Account.

**Defined Benefit Plans:**

	Gratuity		Leave Encashment	
	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>Changes in the Present Value of Obligation</b>				
(a) Present Value of Obligation as at 1st April	206.41	169.45	14.31	22.46
(b) Interest Cost	15.54	15.01	1.11	2.03
(c) Service Cost	26.69	27.23	25.23	21.08
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(13.39)	(6.88)	—	—
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	(33.91)	1.59	(29.10)	(31.27)
(i) Present Value of Obligation as at 31st March	201.35	206.41	11.55	14.31

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## Notes 27 — (Contd.)

Changes in the Fair Value of Plant & Assets	Gratuity		Leave Encashment	
	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>				
(a) Present Value of Defined Benefit Obligation as at 31st March	201.35	206.41	11.55	14.31
(b) Fair Value of Plan Assets as at 31st March	92.94	100.43	6.18	5.69
(c) Net Liability recognized in the Balance Sheet as at 31st March	108.41	105.98	5.37	8.62
<b>Expenses Recognized in the Profit and Loss Account</b>				
(a) Service Cost	26.69	27.23	25.23	21.08
(b) Interest Cost	15.54	15.01	1.11	2.03
(c) Expected Return on Plan Assets	(6.82)	(10.36)	(0.40)	(0.41)
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Net Actuarial (Gain)/Loss	(33.04)	(0.17)	(29.19)	(33.14)
(g) Total Expenses recognized in the Profit and Loss A/c	2.37	31.71	(3.25)	10.43
<b>Actuarial Assumptions</b>				
Retirement age	58 Years	58 Years		
Discount rate	8 to 9%	8 to 9%		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult		
Withdrawal rate	1.30%	1.30%		
Salary escalation	5 to 10%	5 to 10%		

3. Employee's Remuneration and Benefits includes  
Remuneration paid to the Managing Director and Joint Managing Director

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
Salary	54.00	54.00
Contribution to Provident Fund	6.48	6.48
Other Perquisites	14.10	14.10
	<b>74.58</b>	<b>74.58</b>

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
4. Payments to Auditors		
Audit Fee	6.95	6.89
Certification Fee	1.65	1.65
	<b>8.60</b>	<b>8.54</b>

**Notes 27 — (Contd.)**

5. (a) Particulars of Trade Receivables and Loans and Advances for debts due from companies under the same management are as follows (related parties):

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>Trade Receivables (Current):</b>		
Graviss Holdings Private Limited	590.55	540.06
Rich Graviss Products Private Limited	0.89	0.51
Graviss Foods Private Limited	4.21	1.27
	<b>595.66</b>	<b>541.84</b>
<b>Loans and Advances:</b>		
<b>Security Deposits: (Non Current)</b>		
Graviss Holdings Private Limited	754.00	754.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	<b>1,558.00</b>	<b>1,558.00</b>

(b) Confirmations of balances from some of sundry debtors and creditors have not been received.

6. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

**A. List of Related Parties (relied on the details provided by the management):**

**i. Shareholders/Directors**

Mr Ravi Ghai, Mr Gaurav Ghai, Mr RKP Shankardass.

**ii. Other related parties where the common control exists**

Graviss Holdings Pvt Ltd., Graviss Foods Pvt Ltd., Graviss Catering Pvt Ltd, Rich Graviss Products Private Limited, Graviss Brands Pvt Ltd., Graviss Hotels & Resorts Limited, Crossword Beverages Pvt. Ltd\*, Brown Hills Realty Pvt. Ltd.\*

\*West Hills Realty Pvt Ltd., \*Pure Ice Cream (LLC) , \*Graviss Food Solution Pvt. Ltd

\*Oregon Realtys Pvt Ltd., \*Perfect Live Stock Pvt Ltd., \*Blue Ocean Holding Ltd., \*Pure Foods & Ice Cream, \*G.L. Ice Creams,

\*I.K. Ghai (Kwality Bombay) Foundation, Ghai Family Trust.

\*Satinetta Finelease & Investments Pvt. Ltd., \* Kwality Walls Fantasy Ltd.\*PIC Gujarat Pvt Ltd. \*Ambition Trading Pvt Ltd.

\*Vanila Star Jeans (India) Pvt Ltd., \*Amphitrite Investments

\*Indomark Dairy & Equipments Pvt Ltd. \*Kwality Real Estate Pvt Ltd.

(\* no transactions during the year)s

**iii. Key Managerial Personnel**

Mr. Ravi Ghai	Managing Director
Mr. Gaurav Ghai	Joint Managing Director
Mr. Dalip Sehgal	Director
Mr. Rajendra Agrawal (upto 12.08.2015)	Chief Financial Officer
Mr. Amit Jain (w.e.f. 12.08.2015)	Chief Financial Officer
Ms. Lajja Shah	Company Secretary

# 55TH ANNUAL REPORT

## Notes 27 — (Contd.)

### B. Transactions with Related Parties:

	(Rs. in lacs)	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>i Sale</b>			
Other related parties where the common control exists		809.60	894.96
<b>ii Expenditure and other services fees paid</b>			
Shareholders/Directors/Managing Director	3.55		
Other related parties where the common control exists	102.62	106.17	87.28
<b>iii Managerial Remuneration</b>			
Managing Director and Joint Managing Director		74.58	74.58
Chief Financial Officer		50.27	48.89
Company Secretary		5.00	3.38
<b>iv Loans/Advances/Deposits given</b>			
Other related parties where the common control exists		10,988.12	10,757.92
<b>v Debtors</b>			
Other related parties where the common control exists		595.66	541.84
<b>vi Outstanding payables</b>			
Other related parties where the common control exists		12.82	13.67

### 7. Value of raw materials and stores consumed:

	2015-16		2014-15	
	% of total consumption	Amount (Rs. in lacs)	% of total consumption	Amount (Rs. in lacs)
Raw Materials:				
Indigenous	100	754	100	822
Stores:				
Imported	1	1	26	19
Indigenous	99	76	74	55

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>8. Value of imports (CIF value):</b>		
Stores, Supplies and Spare Parts for Machinery	0.82	—
<b>9. Earnings in Foreign Exchange:</b>		
(a) Sale of Rooms and Food and Beverages Income	1,382.93	1,413.23
(b) Encashment of Foreign Exchange	39.83	50.08
<b>10. Expenditure in Foreign Currencies:</b>		
(a) Travelling – Directors	60.97	53.45
(b) Travelling – Others	35.53	27.54
(c) Agency Commission	20.35	24.74
(d) Consultants Fees	3.87	15.23
(e) Franchise Fees	146.35	173.65
(f) Others	—	11.06

**Notes 27 — (Contd.)**

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11. Amounts if any due to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.
12. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with paras 46 and 46A Companies (Accounting Standards) Amendment Rules 2009/2011 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009 and on 29th December, 2011 respectively. Accordingly an amount of Rs. NIL has been charged to Profit & Loss Account.
13. The Company does not have any asset whose useful life is different from the significant part of that asset.
14. Due to losses, no provision for current tax has been made.
15. Current and non-current classification of assets and liabilities in the balance sheet has been made based on the professional judgement of the management.
16. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.
17. The Company has an investment in the equity shares of Graviss Catering Private Limited, a subsidiary, with a share capital of Rs. 7.65 lacs and has also granted interest free loans to the said subsidiary of Rs. 189.80 lacs. The accumulated losses of the said subsidiary exceed its net worth. In the opinion of the management, having regard to the long term interest of the Company in the said subsidiary and considering that the subsidiary is able to get regular orders of decoration and earn sufficient margin to meet the fixed costs, there is no diminution in the value of investments and the Company is also hopeful of recovering the loan.  
  
The Company has an investment in the equity shares of Graviss Hotels and Resorts Limited, a subsidiary, with a share capital of Rs. 5 lacs and also has granted interest free loan to the said subsidiary of Rs. 9,240.32 lacs. The accumulated losses of the said subsidiary exceed its net worth. The said subsidiary had purchased lands at various places for developing hotels. Due to change in the business plans, the subsidiary is exploring to sell these lands alongwith the buildings constructed so far. In the assessment of the management, the market value of the lands acquired would be more than the original cost and hence there is no diminution in the value of investment and company is also hopeful of recovering the loan.
18. In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.
19. **Previous year figures:**  
Previous year's figures have been reclassified / regrouped wherever necessary to conform to current year's classification / grouping. Figures in brackets are in respect of the previous year.

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**Signature to Notes '1' to '27'**

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

*Chartered Accountants*

Firm Registration No. 109208W

**G. SANKAR**

*Partner (Membership No. 046050)*

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**

*Joint Managing Director*

**AMIT JAIN**

*Chief Financial Officer*

**GULSHAN BIJLANI**

*Director*

**Lajja Shah**

*Company Secretary*

# 55TH ANNUAL REPORT

## Independent Auditors' Report

### To the Members of Graviss Hospitality Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Graviss Hospitality Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016 the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its subsidiaries in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its subsidiaries 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; and the 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 the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 consolidated state of affairs of the Group, as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### Other Matters

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 146.09 lacs as at 31st March, 2016, total revenues of Rs. Nil lacs (loss) and net cash flows amounting to Rs. -0.27 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

## 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 all 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.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company incorporated in India, none of the directors of the Holding Company incorporated in India is disqualified as on 31st March, 2016 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 27.B.1.A to the consolidated financial statements.
  - (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - (iii) There was no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- (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 1".

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

**G. SANKAR**  
*Partner*  
Membership No. 46050

Place: Mumbai  
Dated: 24<sup>th</sup> May, 2016



# 55TH ANNUAL REPORT

## **Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Graviss Hospitality Limited**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Graviss Hospitality Limited ("the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the of the Holding company, its subsidiary companies, which are companies incorporated in India, are 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 the respective 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 (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Holding Company, its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2016, 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 aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For **V. SANKAR AIYAR & CO.**  
*Chartered Accountants*  
Firm Registration No. 109208W

**G. SANKAR**  
*Partner*  
Membership No. 46050

Place: Mumbai  
Dated: 24<sup>th</sup> May, 2016

# 55TH ANNUAL REPORT

## Consolidated Balance Sheet as at 31st March, 2016

Particulars	Note No.	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	1,410.39	1,410.39
Minority Interest		0.00	0.00
Reserves and Surplus	2	21,997.10	22,238.85
		<u>23,407.49</u>	<u>23,649.24</u>
<b>Non-current Liabilities:</b>			
Long-term borrowings	3	360.04	389.38
		<u>360.04</u>	<u>389.38</u>
<b>Current Liabilities:</b>			
Short-term borrowings	4	736.09	487.65
Trade payables		382.68	423.33
Other current liabilities	5	511.22	480.06
Short-term provisions	6	5.37	8.62
		<u>1,635.36</u>	<u>1,399.66</u>
<b>TOTAL</b>		<u><u>25,402.89</u></u>	<u><u>25,438.28</u></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets:			
Tangible assets	7	15,966.63	16,134.05
In-tangible assets	8	1.66	6.54
Capital work-in-progress		6,160.55	6,074.00
		<u>22,128.84</u>	<u>22,214.59</u>
Non-current investments	9	3.77	3.77
Long-term loans and advances	10	1,919.28	1,936.51
Other non-current assets	11	88.87	109.43
Deferred tax asset / (liability) – (Net)	12	22.10	(79.57)
		<u>24,162.86</u>	<u>24,184.73</u>
<b>Current Assets:</b>			
Current Investments	13	0.17	0.17
Inventories	14	162.31	151.12
Trade receivables	15	719.30	653.68
Cash and Bank Balances	16	164.33	214.67
Short-term loans and advances	17	193.92	233.91
		<u>1,240.03</u>	<u>1,253.55</u>
<b>TOTAL</b>		<u><u>25,402.89</u></u>	<u><u>25,438.28</u></u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS	27		

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

**G. SANKAR**

Partner (Membership No. 046050)

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**

Joint Managing Director

**AMIT JAIN**

Chief Financial Officer

**GULSHAN BIJLANI**

Director

**Lajja Shah**

Company Secretary

**Consolidated Statement of Profit and Loss Account**  
for the year ended 31st March, 2016

Particulars	Note No.	Year ended 31/03/2016 (Rs. in lacs)	Year ended 31/03/2015 (Rs. in lacs)
<b>INCOME</b>			
Revenue from operations	18	4,985.77	5,151.97
Other Income	19	25.11	30.22
<b>TOTAL</b>		<b>5,010.88</b>	5,182.19
<b>EXPENSES</b>			
Purchases	20	763.31	740.54
Changes in Stock	21	(9.24)	81.88
Employee benefits expense	22	1,340.19	1,311.03
Finance costs	23	138.91	136.86
Depreciation and amortisation expenses	24	469.96	572.75
Other expenses	25	2,649.44	2,589.69
<b>TOTAL</b>		<b>5,352.57</b>	5,432.75
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(341.69)</b>	(250.56)
<b>Tax expense:</b>			
Current tax		(1.20)	(1.50)
Deferred Tax (Net)		101.67	42.00
Tax relating to earlier years		(0.52)	(12.00)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(241.74)</b>	(222.06)
<b>Earning per equity share – Rs.</b>			
	26		
(a) Basic		(0.34)	(0.31)
(b) Diluted		(0.34)	(0.31)
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS		27	

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 109208W

**G. SANKAR**  
Partner (Membership No. 046050)

Mumbai,  
Dated: 24th May, 2016

**GAURAV GHAI**  
Joint Managing Director

**AMIT JAIN**  
Chief Financial Officer

**GULSHAN BIJLANI**  
Director

**Lajja Shah**  
Company Secretary

# 55TH ANNUAL REPORT

## Consolidated Cash Flow Statement for the Year Ended 31st March, 2016

Particulars	As at 31/03/2016 (Rs. in lacs)	As at 31/03/2015 (Rs. in lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation and extraordinary items	(341.69)	(250.55)
Adjustments for:		
Depreciation/Amortisation	469.96	572.76
Non Cash items	101.28	—
(Profit) / loss on sale of fixed assets	—	3.50
Interest income	(15.41)	(21.74)
Dividend income	(0.08)	—
Interest expense	138.91	136.86
<b>Operating profit before working capital changes</b>	<b>352.97</b>	<b>440.84</b>
Increase / (decrease) in trade payables	(40.68)	76.27
Increase / (decrease) in short-term provisions	(3.25)	(10.43)
Increase / (decrease) in other current liabilities	76.28	97.03
Decrease / (Increase) in trade receivables	(65.61)	(91.01)
Decrease / (Increase) in other bank balances	55.36	72.06
Decrease / (Increase) in inventories	(11.18)	66.92
Decrease / (Increase) in long-terms loans and advances	17.23	(155.00)
Decrease / (Increase) in short-terms loans and advances	35.47	16.12
Decrease / (Increase) in other non-current assets	20.58	(12.46)
	<b>84.20</b>	<b>59.49</b>
Cash generated from operations	437.17	500.32
Income tax paid	(42.27)	(45.66)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>394.90</b>	<b>454.67</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(485.53)	(589.39)
Proceeds from sale of fixed assets	—	0.50
Interest received	15.41	21.74
Dividend received	0.08	—
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(470.04)</b>	<b>(567.15)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (Repayment) from Long-term borrowings	(29.34)	63.36
Proceeds from Short-term borrowings	248.44	(40.84)
Interest paid	(138.91)	(136.86)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>80.19</b>	<b>(114.34)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>5.04</b>	<b>(226.82)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of year:		
Cash on hand and balances with banks	153.42	380.24
<b>Total (D)</b>	<b>153.42</b>	<b>380.24</b>
Cash and cash equivalents at end of year:		
Cash on hand and balances with banks	158.46	153.42
<b>Total (E)</b>	<b>158.46</b>	<b>153.42</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (E-D)</b>	<b>5.04</b>	<b>(226.82)</b>

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

**G. SANKAR**

Partner (Membership No. 046050)

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**  
Joint Managing Director

**AMIT JAIN**  
Chief Financial Officer

**GULSHAN BIJLANI**  
Director

**Lajja Shah**  
Company Secretary

## Notes forming part of the Consolidated Financial Statements as at 31 March, 2016

	<b>As at 31/03/2016 Rs. in lacs</b>	<b>As at 31/03/2015 Rs. in lacs</b>
<b>NOTE '1' – SHARE CAPITAL</b>		
<b>(a) Authorised:</b>		
230,000 Preference shares of Rs. 100 each to be issued on such terms and conditions including rate of dividend and redemption of the shares as the Company shall from time to time decide as per Clause 4 (ii) of the amended Articles of Association of the Company	230.00	230.00
113,500,000 Equity shares of Rs. 2 each	2,270.00	2,270.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>(b) Issued, Subscribed and fully paid-up:</b>		
70,519,135 Equity shares of Rs. 2 each for cash	1,410.39	1,410.39
	<b>70,519,135</b>	<b>70,519,135</b>
(70,519,135)		
<b>(c) Reconciliation of the number of shares</b>		
Opening	70,519,135	70,519,135
Closing	<b>70,519,135</b>	<b>70,519,135</b>
<b>(d) Share held by each shareholder holding more than 5% shares</b>		
<b>— Equity shares of Rs. 2 each fully paid</b>		
Graviss Holdings Private Limited - 30.93% (30.93%)	21,813,970	21,813,970
Satinetta Finlease & Investments Private Limited- 32.57% (32.57%)	22,967,844	22,967,844
Dunearn Investments (Mauritius) Pte Limited- 9.96% (9.96%)	7,025,708	7,025,708
Inter Continental Hotels Corporation, USA- 6.22% (6.22%)	4,385,235	4,385,235
<b>NOTE '2' – RESERVES AND SURPLUS</b>		
<b>Capital Reserves:</b>		
Subsidy from the Central Government under 15% Central Subsidy Scheme 1971 for Aurangabad – As per last account	7.78	7.78
Warrants Forfeited Account As per last account	850.01	850.01
	<b>850.01</b>	<b>850.01</b>
Share Premium Account: As per last account	9,183.07	9,183.07
	<b>9,183.07</b>	<b>9,183.07</b>
Capital Redemption Reserve Account As per last account	318.52	318.52
	<b>318.52</b>	<b>318.52</b>
General Reserve: As per last account	11,320.29	11,320.29
	<b>11,320.29</b>	<b>11,320.29</b>
Goodwill on Consolidation	(112.44)	(112.44)
<b>Profit and Loss Account:</b>		
Opening balance	671.62	893.68
Add: Net profit after tax transferred from Statement of Profit and Loss	(241.74)	(222.06)
Balance in Profit and Loss account	429.88	671.62
	<b>21,997.10</b>	<b>22,238.85</b>

# 55TH ANNUAL REPORT

## Notes forming part of the Consolidated Financial Statements as at 31 March, 2016

	As at 31/03/2016 Rs. in lacs	As at 31/03/2015 Rs. in lacs
<b>NOTES '3' – LONG TERM BORROWINGS</b>		
<b>(A) Term loan from Bank</b>		
Axis Bank		
Term Loan (Secured) – I	153.22	199.40
<b>Note:</b>		
Term loan from bank carries interest @ 12.15% p.a. The loan is repayable in 59 monthly instalments of Rs. 8.33 lacs each along with interest, from the date of loan. The loan is secured by exclusive first charge of entire movable fixed assets and extension of first charge by way of hypothecation over entire current assets of the company.		
Axis Bank		
Term Loan (Secured) – II	25.58	—
<b>Note:</b>		
Term loan from bank carries interest @ 12.15% p.a. The loan is repayable in 60 monthly instalments of Rs. 6.25 lacs each along with interest, from April 2016. The loan is secured by exclusive first charge of entire movable fixed assets and extension of first charge by way of hypothecation over entire current assets of the company.		
<b>(B) Unsecured Loans:</b>		
From Graviss Holdings Private Limited (a related party) (interest @ 12.5% p.a. and not repayable within one year)	166.32	166.32
<b>(C) Deferred payment liabilities:</b>		
(carry interest rates ranging from 10% to 12%, repayable in various EMI and secured by hypothecation of vehicles)	14.92	23.66
	<b>360.04</b>	<b>389.38</b>
<b>NOTE '4' – SHORT-TERM BORROWINGS</b>		
<b>Overdraft from Bank: (Secured)</b>		
Axis Bank	736.09	487.65
<b>Note:</b>		
Overdraft from bank carries interest @ 11.65% p.a. The loan is repayable on demand. The loan is secured by exclusive first charge by way of hypothecation over entire current assets and extension of first charge on entire movable fixed assets of the company.		
	<b>736.09</b>	<b>487.65</b>
<b>NOTE '5' – OTHER CURRENT LIABILITIES</b>		
Unpaid Dividends (Not due to be deposited into Investor Education and Protection Fund)	2.63	3.34
Interest free security deposits and advance from customers	19.28	11.12
Expenses payable	197.60	189.27
Gratuity obligation	108.41	105.98
<b>Statutory dues payable</b>		
– TDS payable	17.06	14.19
– VAT payable	30.58	28.24
– Luxury Tax payable	12.79	11.57
– Advance Income tax (net)	(119.46)	(74.36)
– Others (Provident Fund, ESIC etc.)	12.29	11.96
Liability for capital expenditure	46.69	58.39
<b>Current maturities of long term debt: (Refer Note '3' above)</b>		
Term Loans repayable in 12 months		
– Indian Rupee Loan	174.96	99.96
– Deferred Payment Liability	8.39	20.40
	<b>511.22</b>	<b>480.06</b>

# GRAVISS HOSPITALITY LIMITED

## Notes forming part of the Consolidated Financial Statements as at 31 March, 2016

	As at 31/03/2016 Rs. in lacs	As at 31/03/2015 Rs. in lacs
<b>NOTES '6' – SHORT-TERM PROVISIONS</b>		
Provision for leave benefits	5.37	8.62
	<u>5.37</u>	<u>8.62</u>

**NOTE '7'** (Rs in lacs)

DESCRIPTION	Gross Block				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2015	Additions	Deductions/ Adjustments	As at 31-03-2016	Upto 31-03-2015	For the year	Deductions/ Adjustments	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>Tangible Assets:</b>										
Land — Leasehold (refer note below)	10,272.33	—	—	10,272.33	—	—	—	—	10,272.33	10,272.33
Land — Freehold	2,319.82	—	(64.00)	2,383.82	—	—	—	—	2,383.82	2,319.82
Buildings	3,688.85	61.80	—	3,750.65	1,300.06	125.48	—	1,425.54	2,325.11	2,388.79
Premises	95.89	—	—	95.89	35.64	16.34	—	51.98	43.91	60.24
Plant and Equipment	926.80	50.39	—	977.19	774.89	53.01	—	827.90	149.29	151.91
Furniture and Fixtures	2,543.25	84.29	—	2,627.54	2,123.85	97.42	—	2,221.27	406.27	419.40
Vehicles	229.27	—	—	229.27	155.36	34.33	—	189.69	39.58	73.89
Office equipment	808.00	25.06	—	833.06	391.65	110.42	—	502.07	330.99	416.34
Computers	402.20	11.42	—	413.62	370.90	27.39	—	398.29	15.33	31.33
<b>Total</b>	21,286.41	232.96	(64.00)	21,583.37	5,152.35	464.39	—	5,616.74	15,966.63	16,134.05
	20,785.24	509.90	8.74	21,286.40	4,589.55	567.54	4.74	5,152.35	16,134.05	

Note: Leasehold land from Collector of Mumbai for 99 years which is renewable at the option of the both the parties.

**NOTE '8'** (Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2015	Additions	Deductions/ Adjustments	As at 31/03/2016	Upto 31/03/2015	For the Year	Deductions/ Adjustments	Upto 31/03/2016	As at 31/03/2016	As at 31/03/2015
<b>Intangible Assets:</b>										
Computer software	41.03	0.69	—	41.72	34.49	5.57	—	40.06	1.66	6.54
<b>TOTAL</b>	41.03	0.69	—	41.72	34.49	5.57	—	40.06	1.66	6.54
	39.20	1.83	—	41.03	29.28	5.21	—	34.49	6.54	

### NOTES '9' – NON CURRENT INVESTMENTS

#### Non-trade Investments (valued at cost unless stated otherwise):

Unquoted:

530	Equity shares of The Saraswat Co-operative Bank Ltd., of Rs. 10 each	0.05	0.05
20	Shares of Hotel and Restaurant Co-operative Services Society Ltd of Rs. 50 each	0.01	0.01
*1,857	Equity shares of Bombay Mercantile Co-operative Bank Ltd., of Rs. 30 each	0.56	0.56

Quoted:

3,820	Equity Shares of Edelweiss Capital Limited of Rs. 1 each	3.15	3.15
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Aggregate value of unquoted investments	0.62	0.62
Aggregate value of quoted investments	3.15	3.15
Market value of quoted investments	2.15	2.44

\*(Note: 190 shares are held in the name of Mr Ravi Ghai, Chairman and Managing Director and Mr Gaurav Ghai, Joint Managing Director of the Company)



# 55TH ANNUAL REPORT

Notes forming part of the Consolidated Financial Statements as at 31 March, 2016

	<b>As at 31/03/2016 Rs. in lacs</b>	As at 31/03/2015 Rs. in lacs
<b>NOTES '10' – LONG-TERM LOANS AND ADVANCES</b>		
Security Deposits	1,619.28	1,636.51
Capital advance – Unsecured, considered good	<b>300.00</b>	300.00
	<b>1,919.28</b>	1,936.51
<b>NOTES '11' – OTHER NON-CURRENT ASSETS</b>		
Margin Money Deposit with Bank	<b>88.87</b>	109.43
	<b>88.87</b>	109.43
<b>NOTE '12' – DEFERRED TAX ASSET / (LIABILITY):</b>		
Deferred tax liabilities:		
Depreciation on fixed assets	115.10	162.18
Deferred tax asset:		
Expenses allowed on payment basis	67.05	82.61
Unabsorbed Depreciation	70.15	—
	<b>22.10</b>	(79.57)
<b>NOTES '13' – CURRENT INVESTMENTS IN MUTUAL FUNDS (valued at lower of cost and market value):</b>		
176 units of Rs. 10 each in Birla Sun Life Short Term Fund	0.17	0.17
	<b>0.17</b>	0.17
Aggregate value of current quoted investments	0.17	0.17
Net Assets Value (NAV) of Mutual Funds	0.20	0.20
<b>NOTES '14' – INVENTORIES (valued at lower of cost and net realisable value)</b>		
Food and Beverages	123.39	114.15
Stores and Other Operating Supplies	38.92	36.97
	<b>162.31</b>	151.12
<b>NOTES '15' – TRADE RECEIVABLES</b>		
Debts outstanding for a period exceeding six months – (Secured, considered good)	30.39	30.39
Debts outstanding for a period exceeding six months – (Unsecured, considered good)	12.71	9.00
Other debts	676.20	614.29
	<b>719.30</b>	653.68
<b>NOTES '16' – CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Current accounts	119.93	139.85
Cash on hand	38.52	13.57
<b>Other Bank Balances:</b>		
Unpaid Dividend accounts	2.63	3.34
Fixed Deposit with banks maturing within one year	3.25	57.91
	<b>164.33</b>	214.67

## Notes forming part of the Consolidated Financial Statements as at 31 March, 2016

	As at 31/03/2016 Rs. in lacs	As at 31/03/2015 Rs. in lacs
<b>NOTES '17' – SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
<b>Advances to others:</b>		
Prepaid expenses	81.12	76.76
Loans to employees	28.52	35.44
Balances with statutory/government authorities	5.97	2.58
Advance to suppliers	54.70	41.05
Advance recoverable in cash or kind for value to be received	3.21	57.68
Security and other deposits	20.40	20.40
	193.92	233.91
<b>NOTES '18' – REVENUE FROM OPERATIONS</b>		
Sales-Rooms	1,662.28	1,723.67
Sales-Food and Beverages	2,683.95	2,800.68
Sale of services	639.54	627.62
	4,985.77	5,151.97
<b>NOTES '19' – OTHER INCOME</b>		
Interest received on deposits with banks	15.41	21.74
Dividends income	0.08	—
Unclaimed Credit balances written back	—	1.05
Exchange Rate Difference (net)	—	0.03
Foreign Exchange Commission	2.62	2.33
Miscellaneous receipts	7.00	5.07
	25.11	30.22
<b>NOTES '20' – PURCHASES</b>		
Food & Beverages items	763.31	740.54
	763.31	740.54
<b>NOTES '21' – CHANGES IN STOCK (FOOD &amp; BEVERAGES ITEMS)</b>		
Opening stock	114.15	196.03
Closing stock	123.39	114.15
(Increase) / Decrease in stock	(9.24)	81.88
<b>NOTES '22' – EMPLOYEE BENEFITS EXPENSE (refer to Note "27.B.3")</b>		
Salaries and wages (including bonus and gratuity)	1,230.86	1,199.84
Contributions to:		
Provident, Family Pension and other Funds	67.57	66.81
Staff welfare expenses	41.76	44.38
	1,340.19	1,311.03
<b>NOTES '23' – FINANCE COSTS</b>		
Interest expense (Bank loans)	121.58	119.02
Other borrowing costs	17.33	17.84
	138.91	136.86

# 55TH ANNUAL REPORT

Notes forming part of the Consolidated Financial Statements as at 31 March, 2016

	<b>As at 31/03/2016 Rs. in lacs</b>	<b>As at 31/03/2015 Rs. in lacs</b>
<b>NOTES '24' – DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation of tangible assets	464.39	567.54
Amortisation of intangible assets	5.57	5.21
	<b>469.96</b>	<b>572.75</b>

## NOTES '25' – OTHER EXPENSES

### Operating Expenses:

Power, Fuel and Water	332.87	329.04
Repairs and Maintenance:		
Building	58.05	64.54
Machinery	16.40	10.63
Others	139.91	143.59
Stores and Supplies including Linen and Uniforms	99.71	98.79
Washing and Laundry expenses	65.17	75.43
Business Operating expenses	205.53	210.66
Hall Decoration	161.60	162.69
Music and other Operating expenses	124.94	138.50

### General Expenses:

Rent	14.47	14.98
Rates and Taxes	125.69	111.01
Insurance	30.68	35.20
Hire charges	17.14	25.09
Advertisement and Sales Promotion	224.25	200.13
Commission on Sales	63.03	52.37
Travelling and Conveyance	260.32	259.77
Printing and Stationery	29.38	26.14
Postage and Telephones	43.03	41.63
Other expenses	235.11	209.78
Payments to Auditors (Note 27.B.4)	9.73	9.66
Legal and Professional charges	217.81	193.19
Franchise and Corporate Service fees	171.07	168.52
Directors Sitting fees	3.55	4.85
Loss on sale of Assets	—	3.50
	<b>2,649.44</b>	<b>2,589.69</b>

## NOTES '26' – EARNINGS PER EQUITY SHARE

Net profit after Taxation (in Rs.)	(241.74)	(222.06)
Weighted average number of equity shares	70,519,135	70,519,135
Earnings per equity shares (in Rs.)	(0.34)	(0.31)
Nominal value per share (Rs.)	2.00	2.00

## NOTES 27

### SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016.

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### a. Basis of preparation

The consolidated financial statements relate to Graviss Hospitality Limited and its subsidiary companies as at 31st March, 2016. The Company has prepared consolidated financial statements in accordance with Accounting Standard - 21 (Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules, 2006.

##### b. Principles of Consolidation

- (i) The Financial Statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra group balances and intra group transactions and unrealized profits or losses resulting from intra group transactions.
- (ii) The Financial Statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date as that of the Company, i.e 31st March, 2016.
- (iii) The excess of the cost to the Company of its investment in the subsidiary companies over the Company's portion of equity is recognized in the financial statements as Goodwill adjusted against General Reserve.

##### c. Companies included in Consolidation

Subsidiaries	Country of incorporation	%Holding
Graviss Catering Private Limited	India	100
Graviss Hotels & Resorts Limited	India	99.98
Hotel Kankeshwar Private Limited (a subsidiary of Graviss Hotels and Resorts Limited)	India	100

#### d. SIGNIFICANT ACCOUNTING POLICIES

##### I SYSTEM OF ACCOUNTING

- (a) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The financial statements have been prepared in all material respects in accordance with the accounting standards as specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (b) Financial statements are prepared on historical cost basis and as a going concern.

##### II USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

##### III FIXED ASSETS AND DEPRECIATION

###### (a) Fixed Assets

Fixed assets are stated at cost of acquisition including attributable expenses and are stated at cost less depreciation.

###### (b) Depreciation

Depreciation is charged in the Accounts on straight line method in accordance with the useful life specified in the Companies Act 2013 or the useful life as determined by Chartered Engineer's report in respect of the following assets:

Building	30 years
Air-conditioning plant, cooking machinery, security and fire fighting equipments	15 years
Furniture, fixtures including interior design	8 years

Residual value of building and vehicles is estimated 5% of the original cost and at Nil value for all other assets

In case of Graviss Catering Private Limited and Graviss Hotels and Resorts Limited, depreciation is charged in the Accounts on straight line method in accordance with the rates and in the manner specified in Schedule II of Companies Act, 2013.

##### IV REVENUE RECOGNITION

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will follow to the company.

- (a) Sales : Revenue is recognized on accrual basis. Sales comprise of sale of goods and services and are net of Value Added Tax and Service Tax.
- (b) Interest : Revenue is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest
- (c) Dividends : Revenue is recognized when the right to receive payment is established.

## Note 28 — (Contd.)

### V INVESTMENTS

The Company's investments comprise long term and current investments. Long Term investments are stated at cost less permanent diminution, if any, in value. Current investments are stated at lower of cost or market value.

### VI INVENTORIES

Inventories are valued at cost. Cost is computed at purchase price and other related expenses incurred in bringing the inventories to their present location and condition.

### VII FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions.
- (b) Monetary items denominated in foreign currencies (such as cash receivables , payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date.
- (c) Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc) are valued at the exchange rate prevailing on the date of transaction.
- (d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted in the Profit & Loss Account, except as indicated in Note B.13 below

### VIII BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### IX EMPLOYEE BENEFITS

- (a) Contributions to Provident are made to Employees Provident Fund of the Government and are charged to Profit & Loss Account.
- (b) The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Met Life Insurance Co. Premium charged by the Met Life Insurance Co, based on actuarial valuation is debited to the Profit and Loss account.
- (c) Liability towards Leave Encashment Benefit is provided for based on actuarial valuation done at the year end.

### X PROVISIONS & CONTINGENCIES

- (a) A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- (b) Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.
- (c) Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

### XI TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act,1961. Credit in respect of Minimum Alternate Tax paid is recognized only if there is convincing evidence of realization of the same.

Deferred Tax which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

### XII IMPAIRMENT OF ASSET

The carrying amount of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

### XIII LEASES

Assets acquired under finance leases are capitalized at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at constant periodic rate of interest on the remaining balance of liability.

Operating lease expense is recognized in the Profit and Loss Account on straight line basis over the lease term.

## B. Other Notes forming part of Financial Statements

### 1. A Contingent Liabilities

- (a) Bank Guarantees given to the extent of Rs. 33.49 lacs (previous year Rs. 53.49 lacs).
- (b) During the year the Company has received order in favour from Appellate Tribunal for the assessment year 2008-09.

**Note 28 — (Contd.)**

The Company is hopeful of getting the order in favour from the Appellate Authorities in respect of income tax demand of Rs. 81.20 lacs for the assessment year 2010-11 to 2012-13 since the Company has got the tribunal order in its favour in respect of the similar disallowances / additions to income for the assessment year 2008-09 and accordingly no provision is made for the same in the financial statements.

- (c) In the matter of VAT demand and penalty of Rs. 88 lacs for the year 2010-11, the Appellate Tribunal Delhi has ordered the company to deposit Rs.16 lacs for admission of appeal against which the company has gone for appeal to the High Court, Delhi. The Company is hopeful of getting the order in its favour and hence has not made provision for the same in the financial statements.
- (d) The Company has received Show Cause notice from Service Tax Authorities denying the utilization of input tax credit of one unit against the tax payable of another unit for the years 2009-10 to 2012-13 for an amount of Rs. 101lacs. The company has replied to the Commissioner. The company has been legally advised that they would not result in outflow of the resources, considering various judgements in favour the Company on similar issue.

**B Capital and Other Commitments**

Estimated amount of contracts remaining to be executed on capital account- Rs. 28 lacs -(Previous year NIL)

Note: Commitments which are material and which will result in a penalty disproportionate to the benefits involved, based on the judgement of the management are only disclosed.

**2. Retirement benefit**
**Disclosure pursuant to Accounting Standard -15 (Revised) Employee Benefits:**

The Company has classified the various benefits provided to employees as under:

**Defined Contribution Plans:**

The company has recognised contribution to Provident Fund of Rs.61 lacs in the Profit & Loss Account.

**Defined Benefit Plans:**
**Rs in lacs**

	Gratuity		Leave Encashment	
	2015-16	2014-15	2015-16	2014-15
<b>Changes in the Present Value of Obligation</b>				
(a) Present Value of Obligation as at 1st April	206.41	169.45	14.31	22.46
(b) Interest Cost	15.54	15.01	1.11	2.03
(c) Service Cost	26.69	27.23	25.23	21.08
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Benefits Paid	(13.39)	(6.88)	—	—
(g) Interest guarantee (if relevant)	—	—	—	—
(h) Actuarial (Gain)/Loss	(33.91)	1.59	(29.10)	(31.27)
(i) Present Value of Obligation as at 31st March	201.35	206.41	11.55	14.32
<b>Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>				
(a) Present Value of Defined Benefit Obligation as at 31st March	201.35	206.41	11.55	14.31
(b) Fair Value of Plan Assets as at 31st March	92.94	100.43	6.18	5.69
(c) Net Liability recognized in the Balance Sheet as at 31st March	108.41	105.98	5.37	8.62
<b>Expenses Recognized in the Profit and Loss Account</b>				
(a) Service Cost	26.69	27.23	25.23	21.08
(b) Interest Cost	15.54	15.01	1.11	2.03
(c) Expected Return on Plan Assets	(6.82)	(10.36)	(0.40)	(0.41)
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Net Actuarial (Gain)/Loss	(33.04)	(0.17)	(29.19)	(33.14)
(g) Total Expenses recognized in the Profit and Loss A/c	2.37	31.70	(3.25)	(10.43)
<b>Actuarial Assumptions</b>				
Retirement age	58 Years	58 Years	—	—
Discount rate	8 to 9%	8 to 9%	—	—
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult	—	—
Withdrawal rate	1.30%	1.30%	—	—
Salary escalation	5 to 10%	5 to 10%	—	—

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## Note 28 — (Contd.)

3. Employees' Remuneration and Benefits includes Remuneration paid to the Managing Director and Joint Managing Director

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
Salary	54.00	54.00
Contribution to provident fund	6.48	6.48
Other Perquisites	14.10	14.10
	<b>74.58</b>	<b>74.58</b>

4. Payments to Auditors

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
Audit Fee	8.23	8.16
Certification charges and fee	1.50	1.50
	<b>9.73</b>	<b>9.66</b>

5. (a) Particulars of Trade Receivables and Loans and Advances for debts due from companies under the same management are as follows (related parties):

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>Trade Receivables (Current):</b>		
Graviss Holdings Private Limited	590.55	540.06
Rich Graviss Products Private Limited	0.89	0.51
Graviss Foods Private Limited	4.21	1.27
	<b>595.66</b>	<b>541.84</b>
<b>Loans and Advances:</b>		
<b>Security Deposits: (Non current)</b>		
Graviss Holdings Private Limited	754.00	754.00
Cross Word Beverages Private Limited	800.00	800.00
Pure Foods & Ice Cream	4.00	4.00
	<b>1,558.00</b>	<b>1,558.00</b>

- (b) Confirmations of balances from some of sundry debtors and creditors have not been received.

6. Information relating to Related Party Disclosures as per Accounting Standard issued by the Institute of Chartered Accountants of India, is given below:

**A. List of Related Parties (relied on the details provided by the management):**

**i Shareholders/Directors**

Mr Ravi Ghai, Mr Gaurav Ghai, Mr RKP Shankardass.

**ii Other related parties where the common control exists**

Graviss Holdings Pvt Ltd., Graviss Foods Pvt Ltd., Rich Graviss Products Private Limited, Graviss Brands Pvt Ltd., Crossword Beverages Pvt. Ltd.\*, Brown Hills Realty Pvt. Ltd.\*

\*West Hills Realty Pvt Ltd., \*Pure Ice Cream (LLC) \*Graviss Food Solution Pvt. Ltd.

\*Oregon Realtys Pvt Ltd., \*Perfect Live Stock Pvt Ltd., \*Blue Ocean Holding Ltd., \*Pure Foods & Ice Cream, \*G.L. Ice Creams,

\*I.K. Ghai (Kwality Bombay) Foundation, Ghai Family Trust.

\*Satinetta Finelease & Investments Pvt. Ltd., \* Kwality Walls Fantasy Ltd.\*PIC Gujarat Pvt Ltd. \*Ambition Trading Pvt Ltd.

\*Vanila Star Jeans (India) Pvt Ltd., \*Amphitrite Investments

\*Indomark Dairy & Equipments Pvt Ltd. \*Kwality Real Estate Pvt Ltd.

(\* no transactions during the year)

**iii Key Managerial Personnel**

Mr. Ravi Ghai	Managing Director
Mr. Gaurav Ghai	Joint Managing Director
Mr. Dalip Sehgal	Director
Mr. Rajendra Agrawal (upto 12.08.2015)	Chief Financial Officer
Mr. Amit Jain (w.e.f. 12.08.2015)	Chief Financial Officer
Mr. Lajja Shah	Company Secretary

**Note 28 — (Contd.)**

**B. Transactions with Related Parties:**

	(Rs. in lacs)	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>I Sale</b>			
Other related parties where the common control exists		<b>809.60</b>	894.96
<b>ii Expenditure and other services fees paid</b>			
Shareholders/Directors/Managing Director	<b>18.13</b>		
Other related parties where the common control exists	<b>117.62</b>	<b>135.76</b>	117.28
<b>iii Managerial Remuneration</b>			
Managing Director and Joint Managing Director		<b>74.58</b>	74.58
Chief Financial Officer		<b>50.27</b>	48.89
Company Secretary		<b>5.00</b>	3.38
<b>iv Loans/Advances/Deposits given</b>			
Other related parties where the common control exists		<b>1,558.00</b>	1,558.00
<b>v Debtors</b>			
Other related parties where the common control exists		<b>595.66</b>	541.84
<b>vi Outstanding payables</b>			
Other related parties where the common control exists		<b>12.82</b>	13.67

7. Value of raw materials and stores consumed:

	2015-16		2014-15	
	Percentage of total consumption	Amount (Rs. in lacs)	Percentage of total consumption	Amount (Rs. in lacs)
Raw Materials:				
Indigenous	100	754	100	822
Stores:				
Imported	1	—	26	19
Indigenous	99	76	74	55

	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
<b>8. Value of imports (CIF value):</b>		
Stores, Supplies and Spare Parts for Machinery	<b>0.82</b>	—
<b>9. Earnings in Foreign Exchange:</b>		
(a) Sale of Rooms and Food and Beverages Income	<b>1,382.93</b>	1,413.23
(b) Encashment of Foreign Exchange	<b>39.83</b>	50.08
<b>10. Expenditure in Foreign Currencies:</b>		
(a) Travelling – Directors	<b>60.97</b>	53.45
(b) Travelling – Others	<b>35.53</b>	27.54
(c) Agency Commission	<b>20.35</b>	24.74
(d) Consultants Fees	<b>3.87</b>	15.23
(e) Franchise Fees	<b>146.35</b>	173.65
(f) Others	—	11.06
11. Provision for current tax during the year has been made on regular basis.		
12. Amounts if any due to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 could not be disclosed as such parties could not be identified from the records of the Company.		
13. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with paras 46 and 46A Companies (Accounting Standards) Amendment Rules 2009/2011 on Accounting Standard (AS)11 notified by Government of India on March 31, 2009 and on 29th December, 2011 respectively. Accordingly an amount of Rs. NIL has been charged to Profit & Loss Account.		
14. The Company does not have any asset whose useful life if different from the significant part of that asset.		
15. Current and non-current classification of assets and liabilities in the balance sheet has been made based on the professional judgement of the management.		



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## Note 28 — (Contd.)

16. Hospitality business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'.
17. The accumulated losses of Graviss Catering Private Limited, a subsidiary, are more than the net worth. In the opinion of the management, having regard to the long term interest of the holding Company in the Company and considering that the Company gets regular orders of decoration and earns sufficient margin to meet the fixed costs which will enable the Company to recoup the losses incurred, the going concern assumptions are not affected.
- The accumulated losses of Graviss Hotels and Resorts Limited, another subsidiary, are more than the net worth. The subsidiary had purchased lands at various places viz. Shirdi, Goa and Alibaug for construction of hotels. Due to change in business plans, the subsidiary is exploring to sell these lands. In assessment of the management, the market value of the lands alongwith buildings constructed so far is more than the book values and therefore the preparation of financial statements of the subsidiary (included in the preparation of the consolidated financial statements) on going concern basis is not affected.
18. In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.
19. "Advances on Capital Account against Purchase of Land" includes an amount of Rs. 270 lacs being the advance paid to three parties for purchase of lands against a total consideration of Rs. 2,832 lacs. The Sole Arbitrator appointed by the Punjab & Haryana High Court has vide Award dated 18-02-2016 passed order in favour of the Company and ordered the said parties to refund the aforesaid amount. The Company therefore considers the said advance as good of recovery.
20. The Conveyance of the Agricultural lands at Alibaug and Shirdi which were purchased in 2007 for the beneficial interest of the Company in terms of the resolutions of the Board of Directors of the Company, are in the name of Mr Gaurav Ghai the Joint Managing Director of Graviss Hospitality Limited, the holding company and Mr Ravi Ghai, the Chairman and Managing Director of Graviss Hospitality Limited, the holding company respectively.
21. Disclosure of Net Assets and Share in Profit or Loss

Sl. no.	Name of the Entity	Net Assets Total Assets minus Total Liabilities		Share in profit or loss	
		As % of consolidated net assets	Amount (Rs in lacs)	As % of consolidated profit or (loss)	Amount (Rs in lacs)
1.	Graviss Hospitality Limited – Parent	104%	24,343.49	45%	(107.76)
2.	Graviss Hotels & Resorts Limited – Subsidiary	-2%	(622.39)	14%	(34.23)
3.	Graviss Catering Private Limited – Subsidiary	-1%	(313.13)	41%	(99.69)
4.	Hotel Kankeshwar Private Limited – (subsidiary of Graviss Hotels & Resorts Limited)	0%	(0.48)	0%	(0.06)
		<b>100%</b>	<b>23,407.49</b>	<b>100%</b>	<b>(241.74)</b>

22. **Previous year figures:**

Previous year's figures have been reclassified / regrouped wherever necessary to conform to current year's classification / grouping. Figures in brackets are in respect of the previous year.

### Signature to Notes '1' to '27'

As per our separate report of even date

For **V. SANKAR AIYAR & CO.**

Chartered Accountants

Firm Registration No. 109208W

**G. SANKAR**

Partner (Membership No. 046050)

Mumbai,

Dated: 24th May, 2016

**GAURAV GHAI**

Joint Managing Director

**AMIT JAIN**

Chief Financial Officer

**GULSHAN BIJLANI**

Director

**Lajja Shah**

Company Secretary