

DHANADA CORPORATION LTD.

(CIN: L55101PN1986PLC133909)

Regd / Corporate Office: FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai,  
Near Tol Naka, Wadgaon Budruk, Pune - 411041. Ph. No.: 9822037104  
Email: [dhanada@dhanadacorp.com](mailto:dhanada@dhanadacorp.com) Website: [www.dhanadacorp.com](http://www.dhanadacorp.com)



DHANADA

Date: 6<sup>th</sup> September 2019

To  
Bombay Stock Exchange Limited  
Listing Compliance  
P. J. Towers, Dalal Street, Fort,  
Mumbai - 400001.

**Sub.: Copy of Annual Report along with other documents pursuant to  
Regulation 34 and Schedule V of SEBI (Listing Obligations and  
Disclosure Requirements) Regulations, 2015**

Dear Sir,

Enclose please find copy of Annual Report for the financial year ended on 31<sup>st</sup> March  
2019 along with other documents pursuant to Regulation 34 and Schedule V of SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the above on record.

Thanking you,

Yours sincerely,

For DHANADA CORPORATION LIMITED

Smita Mishra

Company Secretary & Compliance Officer





DHANADA  
DHANADA CORPORATION LTD.

# 33<sup>rd</sup> Annual Report 2018-2019





## Our Mission

Create financial wealth for our shareholders,

Act with integrity, competence and dignity,

Practise and encourage others to practise  
in a professional and ethical manner.

Use reasonable care and exercise  
independent professional judgement.

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COMPANY PROFILE

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**BOARD OF DIRECTORS**

Ramesh Havele, *Chairman, Managing Director and CEO* (DIN: 00007580)

Veena Havele, *Director* (DIN: 00007593)

Shreeniwas Kale, *Director* (DIN: 00150957)

Dilip Prabhune, *Director* (DIN: 01779383)

Ramesh Pradhan, *Chief Financial Officer*

Smita Mishra, *Company Secretary and Compliance Officer*

**AUDITORS**

Shashank Patki & Associates, *Chartered Accountants*

**BANKERS**

HDFC Bank Ltd.

Axis Bank Ltd.

IDBI Bank Ltd.

ICICI Bank Ltd.

State Bank of India

Bank of Maharashtra

**REGISTERED AND CORPORATE OFFICE**

FL - D2, Jaiprakash Apt., SN 54/6,  
Wadgaon Budruk, Near Garve Hyundai,  
Near Tol Naka, Pune - 411041.

Tel.: +91 9822037104.

Email: [dhanada@dhanadacorp.com](mailto:dhanada@dhanadacorp.com)

Website: [www.dhanadacorp.com](http://www.dhanadacorp.com)

**REGISTRAR & TRANSFER AGENT**

Link Intime India Pvt. Ltd.

Pune Office:

Block No. 202, 2<sup>nd</sup> Floor,  
Akshay Complex, Near Ganesh Temple,  
Off. Dhole Patil Road, Pune 411001.

Tel.: +91 20-26161629 / 26163503

Mumbai Office:

C-101, 247, Park,  
L. B. S. Marg, Vikhroli (West)

Mumbai 400083

Tel.: +91 22-49186000 / 49186060

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**LAST 10 YEAR'S SUMMARY OF SELECTED FINANCIAL DATA**

(Rs. in Cr.)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	AAGR* %	Standard Deviation
Total Income from Operations	5.35	11.19	12.03	11.27	9.60	8.77	8.60	9.10	11.01	11.37	13	38
Profit Before Interest, Depreciation & Tax	0.30	2.66	1.88	1.77	1.53	1.72	2.09	1.47	0.83	2.38	98	267
Financial Charges	2.04	2.14	2.18	2.20	2.23	2.28	2.56	2.90	2.62	3.05	5	8
Depreciation	1.90	2.09	2.04	2.01	1.95	2.64	2.55	2.11	1.20	0.98	(5)	21
Profit / (Loss) Before Tax	(3.64)	(1.57)	(2.34)	(2.44)	(2.65)	(3.20)	(3.02)	(3.54)	(2.99)	(1.65)	(3)	33
Profit / (Loss) After Tax	(3.64)	(0.87)	(2.59)	(1.75)	(2.67)	(3.10)	(3.01)	(3.57)	(2.99)	(1.65)	(7)	80
Minority Interest in Net Income/ (Loss)	(0.58)	(0.17)	(0.29)	(0.62)	(0.77)	(0.16)	(0.12)	(0.12)	-	-	-	-
Net Profit / (Loss) After Minority Interest	(3.06)	(0.70)	(2.30)	(1.13)	(1.90)	(2.94)	(2.89)	(3.45)	(2.99)	(1.65)	20	92
Cash Profit / (Loss)	(1.74)	0.52	(0.30)	(0.43)	(0.70)	(0.56)	(0.47)	(1.43)	(1.79)	(0.67)	(6)	109
Basic Earning per Share Rs.	(0.86)	(0.14)	(0.47)	(0.20)	(0.34)	(0.53)	(0.52)	(0.62)	(0.53)	(0.30)	0	95
Book Value per Share Rs.	4.60	4.70	4.87	5.89	5.79	4.80	4.01	3.35	2.85	2.56	(6)	13
Market Value per Share (Rs.)	8.59	8.65	14.30	13.05	5.55	6.00	6.10	4.51	3.44	2.36	(8)	34
Market Capitalisation as at 31 <sup>st</sup> March	38.14	42.47	72.22	72.95	31.02	33.54	34.10	25.21	19.23	13.19	(5)	36
<b>EQUITY AND LIABILITIES</b>												
Shares Capital:												
- Equity Shares	4.44	4.91	5.05	5.59	5.59	5.59	5.59	5.59	5.59	5.59		
- Convertible Preference Shares	-	-	-	-	-	-	-	-	-	-		
Reserves and Surplus	20.27	18.50	19.54	27.36	26.79	21.23	16.80	13.13	10.35	8.70		
Minority Interest	1.00	0.83	0.65	0.03	-	0.04	-	-	-	-		
Non-Current Liabilities	14.87	13.52	15.78	7.64	5.83	4.58	3.53	2.21	0.64	0.72		
Current Liabilities	6.73	9.92	8.96	12.12	15.21	16.48	19.98	23.71	20.31	23.34		
<b>Total</b>	<b>47.31</b>	<b>47.68</b>	<b>49.98</b>	<b>52.74</b>	<b>53.42</b>	<b>47.92</b>	<b>45.90</b>	<b>44.64</b>	<b>36.89</b>	<b>38.35</b>		
<b>ASSETS</b>												
<b>Non-Current Assets</b>												
Net Fixed Assets	42.29	41.86	40.11	38.74	37.35	34.26	32.57	30.68	27.15	26.23		
Goodwill on Consolidation	1.32	0.71	2.93	4.31	6.46	4.39	3.17	3.08	-	-		
Non-Current Investments	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	-		
Deferred Tax Asset	0.21	0.91	1.31	2.00	2.01	2.10	2.10	2.11	-	-		
Other Non-Current Assets	0.35	0.68	0.96	5.28	5.47	5.37	5.18	4.93	4.87	4.77		
<b>Current Assets</b>												
Current Investments	-	-	-	-	-	-	-	-	-	-		
Other Current Assets	3.14	3.52	4.67	2.41	2.13	1.80	2.88	3.84	4.87	7.35		
<b>Total</b>	<b>47.31</b>	<b>47.68</b>	<b>49.98</b>	<b>52.74</b>	<b>53.42</b>	<b>47.92</b>	<b>45.90</b>	<b>44.64</b>	<b>36.89</b>	<b>38.35</b>		
<b>Financial Results and Statistics</b>											<b>Average</b>	<b>Standard Deviation</b>
Profit before depreciation and interest as a percentage of Total Income	6	24	16	16	16	20	24	16	8	21	17	6
Profit after Tax as % of Total Income	(68)	(8)	(22)	(16)	(28)	(35)	(35)	(39)	(27)	(15)	(29)	17
Price / Book Value Ratio	2	2	3	2	1	1	2	1	1	1	2	1
<b>Corporate Performance vs BSE Index</b>												
1) Annual Percentage change in Book Value	95	2	4	21	(2)	(17)	(17)	(16)	(15)	(10)	4	34
2) Annual Percentage change in BSE Index	82	11	(10)	8	19	25	(9)	17	11	17	17	25
3) Relative Performance (1) - (2)	13	(9)	14	13	(20)	(42)	(7)	(33)	(26)	(28)	(13)	21

\*Average Annual Growth Rate

From the year 2009-10 to 2016-17, Consolidated figures are given.

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**NOTICE OF ANNUAL GENERAL MEETING**


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The 33<sup>rd</sup> Annual General Meeting of DHANADA CORPORATION LIMITED will be held on Saturday, 28<sup>th</sup> September 2019 at 4.00 p.m. at Tejas Bhavan, Tejas Society, Kothrud Pune – 411038 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended on 31<sup>st</sup> March 2019 and the Balance Sheet as on that date together with Report of Auditors and Directors thereon and annexures thereto.
2. To appoint a Director in place of Mrs. Veena R. Havele (DIN 00007593) who retires by rotation and being eligible offers herself for re-appointment.

**SPECIAL BUSINESS:**

3. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Sections 149 and 152 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV (including any statutory modification(s) or re-enactment thereof, for the time being in force) and regulation 25(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recommendation of the Nomination and Remuneration Committee and the Board of Directors, Shri. Shreeniwas G. Kale (DIN 00150957), Director, be and is hereby re-appointed as the Non – Executive Independent Director of the Company for a further term of 5 (Five) consecutive years with effect from 30<sup>th</sup> September 2019 and whose office shall not be liable to determination by retirement by rotation henceforth.”

By order of the Board of Directors  
**DHANADA CORPORATION LIMITED**

Place : Pune  
Date : 13<sup>th</sup> August 2019

Ramesh Havele  
Chairman, Managing Director & CEO  
(DIN 00007580)

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**NOTES:**

1. At the 30<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September 2016, M/s. Shashank Patki and Associates, Chartered Accountants, having Firm Registration No. 122054W of Pune were appointed as Statutory Auditors of the Company to hold office till the conclusion of 35<sup>th</sup> Annual General Meeting. The ratification of their appointment pursuant to Section 139 of the Companies Act, 2013 is not required, in terms of Notification No. S.O. 1833(E) dated 07.05.2018 issued by the Ministry of Corporate Affairs and accordingly the item has not been included in the Ordinary Business of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT, ONE OR MORE PROXIES, TO ATTEND AND VOTE AT MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such a representative to attend and vote on their behalf at the meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 days notice in writing is given to the Company.
5. Members are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agent.
6. Members kindly note that shares of the Company can be dematerialized at National Securities Depository Ltd. and Central Depository Services Ltd.



7. Members / Proxies should bring the attached attendance slip duly filled in, stamped and signed for attending the meeting. The member should invariably write his / her name, address, email id, Folio No. / DP Identity No. and Client Identity No. etc.
8. The Registers of the Members, Share Transfer Register and shareholders book of the Company will remain closed from 21<sup>st</sup> September 2019 to 28<sup>th</sup> September 2019, both days inclusive.
9. PURSUANT TO THE PROVISIONS OF SECTION 108 OF THE COMPANIES ACT, 2013 AND RULE 20 AND 21 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014 AND REGULATION 44 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, THE COMPANY IS PLEASED TO PROVIDE ITS MEMBERS THE FACILITY TO EXERCISE THEIR RIGHT TO VOTE IN RESPECT OF BUSINESS MENTIONED IN THE NOTICE BY ELECTRONIC MEANS OF REMOTE E-VOTING. FOR THIS PURPOSE, THE COMPANY HAS ENTERED INTO AN AGREEMENT WITH M/S. LINK INTIME INDIA PRIVATE LIMITED (LI IPL) FOR FACILITATING E-VOTING FACILITY TO ENABLE THE MEMBERS TO CAST THEIR VOTES ELECTRONICALLY. E-VOTING IS OPTIONAL. A MEMBER MAY AVAIL OF THE FACILITY AT HIS / HER / ITS DISCRETION. THE INSTRUCTIONS AS REGARDS AVAILING E-VOTING FACILITY ARE ANNEXED.
10. Members may also note that, the Notice of 33<sup>rd</sup> Annual General Meeting and the Annual Report for the year ended 31<sup>st</sup> March 2019 will be available on the Company's website [www.dhanadacorp.com](http://www.dhanadacorp.com).
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar and Transfer Agent.
12. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
13. Members holding shares in identical order or names in more than one folio are requested to write to the Company to consolidate their shares and send relevant share certificates for consolidation. This would facilitate the member in one point tracking of his / her holding and corporate benefits.
14. All relevant documents referred in the Notice shall be open for inspection by the members at FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai, Near Tol Naka, Wadgaon Budruk, Pune – 411041 during the normal business hours (10 A.M. to 6 P.M.) on all working days (except Sunday) upto the date of Annual General Meeting of the Company.
15. MEMBERS REQUIRING INFORMATION ON THE AUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 AND THE BALANCE SHEET AS AT THAT DATE ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST SEVEN (7) DAYS BEFORE THE DATE OF THE MEETING TO ENABLE THE COMPANY TO FURNISH THE INFORMATION.
16. The Members, who have voted electronically, are not eligible to vote by ballot paper at the meeting. In case, members cast their vote through both the methods the votes cast through e-voting shall prevail and votes cast through ballot paper shall be considered invalid.
17. Ms. Sanjana Hinge, Practicing Company Secretary is appointed as Scrutinizer to scrutinise the e-voting and ballot process in a fair and transparent manner.
18. The results of e-voting shall be placed on the website of the Company [www.dhanadacorp.com](http://www.dhanadacorp.com) and be submitted to the Bombay Stock Exchange Limited.
19. The cut-off date (record date) shall be 20<sup>th</sup> September 2019. The members holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) may cast their vote electronically. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
20. Any person who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 20<sup>th</sup> September 2019 may refer instructions kit attached to the notice for e-voting.

21. In case of the members holding shares of the Company in electronic form and having registered their email id with Depository Participant (DP), the Annual Accounts for the financial year 2018 – 2019 and Notice of Annual General Meeting to be held on 28<sup>th</sup> September 2019 of the Company will be sent to them at the respective email id in electronic mode.

In case of the members whose e-mail id is not registered with the Company, a copy of this notice along with the Annual Accounts for the financial year 2018 – 2019 will be sent to them at their registered address.

Members are requested to register their email id by sending an email to cs@dhanadacorp.com mentioning therein the Name of the Member and / or Joint holder along with Ledger Folio Number.

Members whose e-mail ids are registered with the Company and who wish to receive physical copies of the Annual Report may send their request to the Company at FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai, Near Tol Naka, Wadgaon Budruk, Pune – 411041.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 3

The Company, in the 28<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September 2014, had appointed Shri. Shreeniwas G. Kale (DIN 00150957) as the Non – Executive Independent Director of the Company for a term of 5 (Five) consecutive years with effect from 30<sup>th</sup> September 2014.

Pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 and regulation 25(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Independent Director shall hold office for a term up to 5 (Five) consecutive years on the Board of the Company. However, the Company by passing a special resolution can re-appoint him for a further term of 5 (Five) consecutive years. However, Independent Director shall not hold office for more than two consecutive terms.

The first consecutive term of Mr. Shreeniwas Kale would be completed on 29<sup>th</sup> September 2019.

Hence, the Nomination and Remuneration Committee and the Board of Directors recommends to re-appoint him as an Independent Director for another term of 5 consecutive years w.e.f. 30<sup>th</sup> September 2019.

The Company has received the following documents from him:

- a. Intimation in Form DIR-8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013; and
- b. A declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI LODR Regulations.

In the opinion of the Nomination and Remuneration Committee and the Board of Directors, Shri. Shreeniwas G. Kale (DIN 00150957) fulfils the conditions specified in the Act and Rules made there under and is a person of integrity, possesses relevant expertise and experience and he is independent of the Management.

The approval of shareholders is solicited for the resolution at Item No. 3 by a Special Resolution.

Except, Shri. Shreeniwas G. Kale (DIN 00150957), no other Director or Key Managerial Personnel, or their respective relatives is in any way, concerned or interested, financial or otherwise, in the resolution.

### **Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting (in pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards – 2 on General Meetings):**

1. Mrs. Veena Ramesh Havele (DIN 00007593)

Date of Birth: 28<sup>th</sup> August 1965

Date of Appointment: 25<sup>th</sup> October 2005

Nature of experience:

She is a Bachelor of Commerce (B. COM). She is a promoter director of Dhanada Holdings Private Ltd. (Erstwhile name Dhanada Portfolio Management Ltd.). She has trained individual entrepreneur clients in the field of preparation of Accounts, Balance Sheet and Stock Market investments. She has played a key role in the growth of Dhanada Holdings Private Ltd.

Directorship in other Companies:

Dhanada Holdings Private Limited  
FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai,  
Near Tol Naka, Wadgaon Budruk, Pune – 411041.

Dhanada Engineering Private Limited  
FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai,  
Near Tol Naka, Wadgaon Budruk, Pune – 411041.

Dhanada Education Private Limited  
FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai,  
Near Tol Naka, Wadgaon Budruk, Pune – 411041.

Dhanada Clean Energy (India) Private Limited  
Kiran 4, Sthairya Society, Karvenagar, Pune – 411052.

Committee Position held:

Membership: Audit Committee of Dhanada Corporation Ltd.  
Membership: Stakeholders' Relationship Committee of Dhanada Corporation Ltd.  
Membership: Nomination and Remuneration Committee of Dhanada Corporation Ltd.

Relationship with other directors of the Company:

Mrs. Veena R. Havele (DIN 00007593) is wife of Mr. Ramesh R. Havele (DIN 00007580), Chairman, Managing Director and CEO of the Company.

Number of meeting of the Board attended during the year:

Mrs. Veena R. Havele (DIN 00007593) has attended all 5 (Five) Board Meetings held during the financial year 2018 – 19.

Details of shares / other instruments held by the Non-executive Director:

Mrs. Veena Ramesh Havele (DIN 00007593) does not hold any shares in the Company.

2. Shri. Shreeniwas Gajanan Kale (DIN 00150957)

Date of Birth: 29<sup>th</sup> October 1963

Date of Appointment: 25<sup>th</sup> October 2005

Nature of experience:

He holds Diploma in Mechanical Engineering and has served Bajaj Auto Limited during 1984 to 1992 in various capacities. During this period, he contributed significantly in the field of Quality Management and ISO 9000. He has long experience in the field of marketing of investment instruments and concept of Portfolio Management. He has also provided consultancy to small industries in the field of Quality management. He is actively involved with social and cultural organizations.

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Directorship in other Companies:

Dhanada Engineering Private Limited  
FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai,  
Near Tol Naka, Wadgaon Budruk, Pune – 411041.

Dhanada Education Private Limited  
FL - D2, Jaiprakash Apt., SN 54/6, Near Garve Hyundai,  
Near Tol Naka, Wadgaon Budruk, Pune – 411041.

Dhanada Clean Energy (India) Private Limited  
Kiran 4, Sthairya Society, Karvenagar, Pune – 411052.

Committee Position held:

Chairmanship: Nomination & Remuneration Committee of Dhanada Corporation Ltd.  
Chairmanship: Stakeholder's Relationship Committee of Dhanada Corporation Ltd.  
Membership: Audit Committee of Dhanada Corporation Ltd.

Number of meeting of the Board attended during the year:

Shri. Shreeniwas Gajanan Kale (DIN 00150957) has attended all 5 (Five) Board Meetings held during the financial year 2018 – 19.

Details of shares / other instruments held by the Non-executive Director:

Shri. Shreeniwas Gajanan Kale (DIN 00150957) does not hold any shares in the Company.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Wednesday, 25<sup>th</sup> September 2019 at 9.00 a.m. (IST) and ends on Friday, 27<sup>th</sup> September 2019 at 5.00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20<sup>th</sup> September 2019 may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited (LIIL) for voting thereafter.
- (ii) The shareholders should log on to the e-voting URL: <https://instavote.linkintime.co.in>
- (iii) Click on "Login" tab, available under 'Shareholders' section.
- (iv) Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
  - a. **Shareholders holding shares in demat account with CDSL:** 16 digits beneficiary ID
  - b. **Shareholders holding shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digits Client ID
  - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company.
- (v) Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below.
- (vi) Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</li> </ul>
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> <li>● Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (iv-c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

(vii) **If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

**Cast your vote electronically**

- (x) After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- (xi) On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

- (xii) If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- (xiii) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

**General Guidelines for shareholders:**

(xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as ‘**Custodian / Mutual Fund / Corporate Body**’.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘**Custodian / Mutual Fund / Corporate Body**’ login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular “Event”.
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

(xvii) In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions (“FAQs”) and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 – 49186000 or you may contact Mrs. Smita Mishra, Company Secretary and Compliance Office, Dhanada Corporation Limited on 9822037104 or at email id [dhanada@dhanadacorp.com](mailto:dhanada@dhanadacorp.com).

### Route Map of Venue of Annual General Meeting



## DIRECTORS' REPORT

To,  
The Members,  
DHANADA CORPORATION LIMITED

The Board of Directors of your Company has pleasure in presenting the 33<sup>rd</sup> Annual Report of the Company together with the Audited statements of accounts for the year ended on 31<sup>st</sup> March 2019.

### 1. Financial summary or highlights / Performance of the Company:

Your Company's financial summary / performance during the year under review as compared to the previous year are summarized below:

(Rs. in Crores)

Particulars	2018 – 19	2017 – 18
Turnover	11.22	10.93
Profit / (Loss) before Finance charges, Tax, Depreciation / Amortization	2.37	(0.82)
Finance Charges	3.04	2.61
Profit / (Loss) before Tax, Depreciation / Amortization	(0.67)	(1.79)
Depreciation	0.98	1.20
Profit / (Loss) before Tax	(1.65)	(2.99)
Provision for Tax	Nil	Nil
Profit / (Loss) after Tax	(1.65)	(2.99)
Proposed Dividend	Nil	Nil

### 2. Dividend:

In view of the losses, the Board of Directors does not recommend any dividend for the year ended on 31<sup>st</sup> March 2019.

### 3. Reserves:

No amount is proposed to be transferred to the Reserves.

### 4. State of Affairs (Standalone):

During the year under review, the turnover of the Company increased by 3% as compared to the previous year. This was a result of increased occupancy achieved through marketing tie-ups and other initiatives taken by the management. The Average Room Revenue (ARR) registered a significant increase. The revenue from Food & Beverages Segment has been decreased as compared to the previous year.

However, operating margins were under pressure due to increase in operating costs especially employee benefit cost. As a result, the Company could not register profit.

#### Finance

The shortage of finance continues to be the major challenge before the Company. The parent company was not able to extend its helping hand due to its own problems.

Due to the NPA status, all the sources of raising further finance are blocked. The Promoters are doing whatever is possible in their individual capacity to remedy the situation.

The Company somehow managed its working capital needs through internal resources.

#### Current Year Prospects

The fortune of the hospitality industry has always been linked to the prospects of the tourism industry and general economic growth. On both fronts, the current year seems to be positive. The first quarter of the current year registered higher occupancy rate as compared to the corresponding period in previous year. Barring unforeseen difficulties, the Hotel is expected to keep up its performance. However, due to reasons explained earlier, margins are likely to remain under pressure.

The chances of improvement in financial situation during the year look dim.

**5. Change(s) in the nature of business, if any:**

There is no change in the nature of business of the Company.

**6. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:**

Nil. No such material changes and commitments have occurred.

**7. Details of significant and material orders passed by the regulators / courts / tribunals impacting the going concern status and the Company's operations in future:**

The Court of District and Session Judge, Aurangabad has passed an order for attachment and sale of the property / assets of the Company under Maharashtra Protection of Interest of Depositors (In Financial Establishment) Act, 1999 (MPID Act).

The Company had filed Petitions for Special Leave to Appeal in Supreme Court of India, Delhi, against the order passed by the Aurangabad High Court and the Hon'ble High Court, Mumbai for attachment and sale of the property / assets of the Company under MPID Act, to challenge the said orders. The Petitions were called on for hearing on 30<sup>th</sup> November 2018. Upon hearing, the Hon'ble Court passed the order of dismissal of the Special Leave Petitions.

Accordingly, the office of the Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad had taken possession of the Hotel premises and attached / debit – freeze the bank accounts of the Company on 3<sup>rd</sup> November 2018. The Competent Authority had put the property / commercial building of the Company i.e. Hotel Vits, CTS No. 18349/1-2-3, Vedant Nagar, Near Goldy Cinema, Railway Station Road, Aurangabad for e-Auction in the months of February and March 2019. However, the said e-Auction had not taken place.

Further, pursuant to the order, the Competent Authority has formed a Committee for the supervision of the Hotel premises through the staff of the Hotel. The Competent Authority has opened a separate bank account to manage the day-to-day financial operations of the Company.

On 24<sup>th</sup> May 2019, the Court of District and Session Judge, Aurangabad has passed an Order and permitted the office of the Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad to continue the supervision of the Hotel premises and manage the day-to-day financial operations of the Company. Further, it has directed the Competent Authority to deposit the amount lying in its bank account in the Court and to deposit the income of the VITS Hotel in the Court every fortnight along with the account statements.

**8. Statement in respect of adequacy of internal financial controls with reference to the Financial Statements:**

Internal Financial controls are adequate and operating effectively commensurate with the size, nature of operations of the Company.

The separate report of the Auditors about the existence of internal financial controls system and its operations is attached to the Auditor's Report as an Annexure A to the Auditor's Report.

*Explanation of Auditor's comment on Internal Financial Controls:*

The management has noted the discrepancies pointed out by the Auditor and is taking steps to strengthen the controls in those areas.

**9. Details of Subsidiary / Associate Companies / Joint Ventures:**

Nil. The Company has no Subsidiary / Associate / Joint Venture.

**10. Performance and financial position of each of the subsidiaries included in the consolidated financial statement:**

Not Applicable.

**11. Particulars of loans / advances / guarantees / investments outstanding during the financial year:**

The particulars of loans / advances / guarantees / investments covered under Section 185 and 186 of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the notes to the financial statements provided in the Annual Report.



## 12. Deposits:

The Company has not accepted deposits from the public within the meaning of Section 73 of the Companies Act, 2013 and the rules framed there under.

## 13. Loan form Directors:

The Company has from time to time accepted unsecured loans from its Managing Director, Mr. Ramesh R. Havele bearing no interest and the Company repaid the same during the year so there is no outstanding balance of such loans as on 31<sup>st</sup> March 2019.

## 14. Auditors:

### Statutory Auditors

M/s. Shashank Patki and Associates, Chartered Accountants, Pune were appointed as Statutory Auditors of the Company in the 30<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September 2016 to hold office till the conclusion of 35<sup>th</sup> Annual General Meeting. The ratification of their appointment, pursuant to Section 139 of the Companies Act, 2013, is not required, in terms of Notification No. S. O. 1833 (E) dated May 7, 2018, issued by the Ministry of Corporate Affairs.

### Secretarial Auditor

Mr. R. V. Pore, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2018 – 2019, as required under Section 204 of the Companies Act, 2013 and rules made there under. The Secretarial Audit Report for the financial year 2018 – 2019 in Form MR-3 is attached as Annexure 1 to the Directors' Report.

## 15. Explanations or comments on qualification, reservation or adverse remark or disclaimer in Auditor's Report:

The Audit Report contains certain observations and we offer our comments in this regard as under:

- a. *Auditors Comment – As mentioned in note no. 1 of Note – 23 B, the accounts have been compiled on the basis of the records and documents available with the Company due to seizure of records and documents by Police authorities, now partially released. The impact on accounts (financial as well as disclosure) due to such non-availability of the records is not ascertainable.*

The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company.

- b. *Auditors Comment – As mentioned in foot note no. 7 of Note no. 4 and note no. 1 of Note – 23 B, the Company has been carrying out the accounting of the transactions on the basis of the information and documents available at the time of compilation of accounts. During the year, the Company could get some of the records and based on the same, reconciliation of a few bank accounts (which hitherto was not possible) was done and the accounting was carried out on the basis of such bank reconciliation statements which has resulted into an amount of Rs. 208,36,128.00 being reflected as advanced to Mr. Ramesh Havele, one of the directors of the company. This is in contravention of Section 185 of the Companies Act, 2013. The financial liabilities on account of penalties, if any have not been quantified and recognized in the accounts.*

The Company may be liable for a fine which shall not be less than Rs. 5,00,000 but which may extend to Rs. 25,00,000/- for violation of Section 185 of the Companies Act, 2013.

- c. *Auditors Comment – As mentioned in foot note no. 1 of Note no. 1 and foot note no. 2 of Note no. 8, pending conveyance of land at Nande, pending payment of stamp duty applicable to scheme of arrangement & amalgamation sanctioned by Hon'ble Bombay High Court vide their judgement dated 16<sup>th</sup> July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of Fixed Assets (Land) of Rs. 1,59,65,999.74, Issued, Subscribed and Paid up Share Capital of Rs. 17,96,254.00, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr. Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all legal formalities, the respective amounts on the aforesaid accounts are overstated to that extent.*

The Company has acquired land at Nande from Dr. Laxman V. Kulkarni pursuant to the Scheme of Amalgamation approved by the High Court. As per the Scheme, the Company was required to allot 17,96,254 Equity Shares and pay Rs. 34,99,996.98, additionally, as a consideration for the said land to Dr. Kulkarni, by executing separate Conveyance Deed. However, the management was advised that the allotment is required to be made before the execution of the Conveyance Deed. Accordingly, in good faith the Board allotted the

necessary shares to Dr. Kulkarni and prepared the deed for registration. However, Dr. Kulkarni, expressed his desire for upward revision of the total consideration, as the prices of the land have gone up considerably since 01.04.2008 i.e. the appointed date and the market price of the equity shares of the Company have not appreciated in line with the same. Due to this, the conveyance deed with Dr. Laxman V. Kulkarni is not yet done. The management is exploring ways and means to sort out the issue and hopes that the same will be resolved amicably. However, until the financial difficulties are resolved, a solution to this issue appears remote. After settlement of the issue and completion of all legal formalities, the aforesaid amounts accounted for under Fixed Assets, Share Capital, Share Premium will stand confirmed.

- d. *Auditors Comment – As mentioned in foot note no. 3 of Note no. 1, in the absence of the records, the nature of Capital Work in Progress (pending since long) could not be ascertained. As such the probable accounting thereof, capital or revenue, is pending. Further, the impairment of Assets (including Capital Work in Progress), if any, as per the requirements of Ind AS 36 has not been ascertained, and as such, the consequent financial impact on accounts is not ascertainable.*

The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company. Till the underlying asset is put to use the amount will stay under Capital work in progress.

- e. *Auditors Comments – Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni (Foot note 2 of Note no. 4) are not available with the Company. As such, we are unable to express our opinion on the genuineness of the payment, recoverability thereof and correctness of the accounting treatment. Financial impact on accounts is not ascertainable.*

The Company has acquired land at Nande from Dr. Laxman V. Kulkarni pursuant to the Scheme of Amalgamation approved by the High Court. As per the Scheme, the Company was required to allot 17,96,254 Equity Shares and pay Rs. 34,99,996.98, additionally, as a consideration for the said land to Dr. Kulkarni, by executing separate Conveyance Deed. However, Dr. Kulkarni, expressed his desire for upward revision of the total consideration, as the prices of the land have gone up considerably since 01.04.2008 i.e. the appointed date and the market price of the equity shares of the Company have not appreciated in line with the same. The Company has paid Rs. 3,91,00,000/- to Dr. Kulkarni as Advance against the said land. However, due to financial difficulties, the Company is not able to pay the balance amount as desired by Dr. Kulkarni. Due to this, the conveyance deed with Dr. Laxman V. Kulkarni is not yet done. The management is exploring ways and means to sort out the issue and hopes that the same will be resolved amicably. However, until the financial difficulties are resolved, a solution to this issue appears remote. After settlement of the issue, the amount of Rs. 3,91,00,000/- will be added to the Fixed Assets under Land.

- f. *Auditors Comments – As mentioned in foot note no. 5 of Note no. 7, Balances with Banks in current account include as amount of Rs. 1,79,75,000/- lakhs kept in bank account in the individual name of director. As informed to us, this amount has been kept in No Lien Account as part of the negotiation with a lender bank for One Time Settlement. Further, this account is subject to confirmation, reconciliation and consequential adjustments, if any. Financial impact on accounts is not ascertainable.*

The Company has received a proposal from Bank of Maharashtra to avail the “MAHA MUKTI YOJANA” Scheme introduced by it for One Time Settlement (OTS) of outstanding dues of the Company. A No Lien Account was opened in the name of Director of the Company and the amount of Rs. 1,79,75,000/- was deposited in the said account as a part of the negotiation with a lender bank. After finalization of OTS proposal, this amount of Rs. 1,79,75,000/- will be adjusted by the Bank against its dues. As a result, the amount will be reduced from Current assets and Current liabilities.

- g. *Auditors Comment – As mentioned in foot note no. f of Note no. 23 B, the outstanding balances of sundry creditors, sundry debtors, and advances (taken or given), bank current accounts (as specified in foot note 8 and 9 of Note 7), bank deposit accounts, all loan / overdraft accounts are subject to confirmation, reconciliation and consequential adjustments if any. Financial impact on accounts is not ascertainable.*

The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company.

- h. *Auditors Comment – As mentioned in various notes, no provision has been made for interest on Sales Tax Deferment and interest / penalties for non-payment / late payment of statutory dues and for non-compliance of legal formalities, interest payable to MSME creditors etc., if any. The amount is not ascertainable. Financial impact on accounts is not ascertainable.*

Phoenix ARC Pvt. Ltd. / Saraswat Co-Op. Bank Ltd. are not providing the statement of dues / interest / penal interest / other charges, if any. Hence, the Company has provided in its books as per the contractual rate of

interest. As far as Sales Tax demand is concerned, the Company has provided as per the Assessment Order. The penal interest / penalties are not provided for due to financial difficulties. Management is unable to estimate the impact of audit qualification.

- i. *Auditors Comment – As mentioned in Note no. 16 and 20, in the absence of details, the interest on borrowings and on bank deposits has been accounted for at contractual rates. Financial impact on accounts is not ascertainable.*

Phoenix ARC Pvt. Ltd. / Saraswat Co.-Op. Bank Ltd. are not providing the statement of dues / interest / penal interest / other charges, if any. Hence, the Company has provided in its books as per the contractual rate of interest. The penal interest / penalties are not provided for due to financial difficulties. Management is unable to estimate the impact of audit qualification.

- j. *Auditors Comment – The company's gross investments in equity shares of three subsidiary companies of Rs. 883.13 lakhs were sold during the previous year (2017-18) for an amount of Rs. 0.48 lakh only. The value of these investments was diminished progressively by charging to profit and loss accounts for the years from 2014-15 to 2017-18 (Note no. 22). We have not examined the propriety of this sale, which is based on the management's assessment on the recoverability of these financial assets and of the consequent loss.*

These three subsidiary companies are non-operational. Their net-worth is completely eroded. They did not contribute anything to the Company but added the work of consolidation. The Company is not in a position to infuse funds in these companies for their revival. The management has chopped of some dead wood from its Balance Sheet.

- k. *Auditors Comment – In the absence of the records, seized by Police authorities, the correctness of the amounts written off / back could not be ascertained.*

The management is unable to estimate the impact of audit qualification. However, it believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company.

- l. *Auditors Comment – The register required to be maintained under section 189 of the Companies Act, 2013 ('the Act') was not produced for our verification. As such the disclosure, if any in respect of granting of any loans to parties covered under section 189 could not be ascertained.*

Certain documents / papers / data / records / Minutes / Statutory Registers are under the custody of Deputy Collector of Pune. Hence, the management was unable to produce it for verification. The management has decided to restore the fresh register under section 189 of the Companies Act, 2013.

- m. *Auditors Comment – Professional fees includes an amount of Rs. 18,84,634.60, being bill of a concern, in which a director is interested, towards professional fees. This bill pertains to earlier year, when he was not a director of the Company.*

The records and documents of the Company had been seized by investigation officer under MPID Act. Therefore, the concerned bill could not be located and accounted. The same is now accounted after getting a copy from the concerned Party. The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company.

- n. *Auditors Comment – Note No. 23(B)(I) – Compilation of Accounts*

The management is taking every effort to protect the interest of all stakeholders of the Company and to remedy the situation as early as possible. Further, the working of the hotel has not suffered. The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company.

- o. *Auditors Comment – Statutory dues*

The delay was also occurred in payment of certain statutory dues due to financial difficulties.

Rest of the Auditor's observations are either self-explanatory or are dealt with in the above comments

**16. Explanations or comments on qualification, reservation or adverse remark or disclaimer in Secretarial Audit Report:**

An amount of Rs. 2,08,36,128/- is advanced to the Managing Director in contravention of the provisions of Section 185 of the Companies Act, 2013:

The Company may be liable for a fine which shall not be less than Rs. 5,00,000 but which may extend to Rs. 25,00,000/- for violation of Section 185 of the Companies Act, 2013.

Non – filing of Form PAS – 3 (earlier Form-2) for allotment of Equity shares made on 30<sup>th</sup> April 2010:

In respect of allotment of Equity shares against consideration other than cash, the Company has to file stamped document with the Registrar of Companies along with Form PAS – 3 (earlier Form 2) i.e. Return of Allotment. Due to the pendency of payment of stamp duty on High Court Order dated 16<sup>th</sup> July 2009, the Company is not able to file the said form with the Registrar of Companies in respect of Equity Shares allotted to Dr. Laxman V. Kulkarni.

Discrepancies in the issued share capital and listed share capital:

Due to technical issues and financial difficulties, some formalities in respect of issue of shares made under the Scheme of Arrangement and Amalgamation are not yet completed; hence those shares and the shares further issued by the Company through private placement are yet to be listed. The Company would like to resolve the issue. However, until the financial difficulties are resolved, a solution to this issue appears remote.

Non – submission of disclosures of related party transactions to the stock exchanges under Regulation 23(9) of SEBI (LODR) Regulations, 2015:

The delay was made due to oversight.

Delay in filing outcome of the Board Meeting held on 23<sup>rd</sup> March 2019:

The delay was made due to ill health of the Compliance Officer.

Hundred percent of shareholding of promoters and promoters group is not in dematerialized form:

As explained earlier, due to technical issues, some formalities in respect of 29,00,879 Equity shares issued under the Scheme of Arrangement and Amalgamation to promoter are not yet completed; hence those shares and 54,17,000 Equity shares further issued by the Company through private placement to promoter are yet to be listed. As the allottee cannot dematerialize the securities issued to him before listing of the same on the relevant stock exchange, the 83,17,879 Equity shares held by the promoter(s) / promoter group are in physical form. The Company would like to resolve the issue. However, until the financial difficulties are resolved, a solution to this issue appears remote.

Non – disclosure in Proxy Form as required under Regulation 44(4) of SEBI (LODR) Regulations, 2015:

The default was made due to oversight.

Non – publishing notices etc. in the newspapers as required under Listing Regulations:

The Company has submitted notices, quarterly unaudited financial results and audited financial statements etc. required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Bombay Stock Exchange Ltd. within the prescribed time and the same were also made available on the website of the Company. However, due to financial difficulties, the Company did not publish notices, results and statements etc. in the newspapers.

Delay in filing ATR report on SEBI Complaints Redress System (SCORES) platform:

The delay was made due to oversight.

The Company / management has not produced the proof of Notice sent / delivered to the members and others for the Annual General Meeting held on 29<sup>th</sup> September 2018:

On 5<sup>th</sup> November 2018, the Deputy Collector of Pune has attached / taken under his custody / sealed the properties of Mr. Ramesh Havele, Director (DIN 00007580), parent company and other group companies and certain documents / papers / data / records / Minutes / Statutory Registers etc. of the Company, parent company and other group companies under MPID Act. The proof of Notice sent / delivered to the members and others for the Annual General Meeting held on 29<sup>th</sup> September 2018 are now under the custody of Deputy Collector of Pune, hence not produced.

Complaints against Chairman, Directors and the Company:

The complaints and cases are still pending in the respective court/s. The Chairman and the Directors are not yet convicted.

Rest of the Secretarial Auditor's observations are self-explanatory or dealt with / replied earlier in this Report.

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**17. Share Capital:**

There were no changes in the share capital during the year under review.

**18. Extract of the Annual Return:**

The extract of annual report as on the financial year ended on 31st March 2019 in Form No. MGT-9 has been placed on the website of the Company i.e. [www.dhanadacorp.com](http://www.dhanadacorp.com). The web link there to is <http://www.dhanadacorp.com/extract-of-annual-return.html>.

**19. Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

The Company through constant monitoring, selection of energy saving equipments and education of staff and guests endeavors to conserve and optimize the use of energy.

The Company does not undertake any research and development activity neither does it use any imported technology.

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Nil

**20. Corporate Social Responsibility (CSR):**

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

**21. Directors:**

Change in Directors and Key Managerial Personnel (KMP)

No changes were made during the year under review.

Appointments

Mrs. Veena R. Havele (DIN 00007593) retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommend her re-appointment.

Mr. Shreeniwas G. Kale (DIN 00150957) was appointed as a Non – Executive Independent Director of the Company for a term of 5 (Five) consecutive years with effect from 30<sup>th</sup> September 2014. Accordingly, the term of appointment of Mr. Kale would be expired on 29<sup>th</sup> September 2019. As per the provisions of Section 149 read with Section 152 and other applicable provisions of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015, the Company can re-appoint him for a further term of 5 (Five) consecutive years by passing a special resolution. Hence, the Board recommends for the re-appointment of Mr. Shreeniwas G. Kale as a Non – Executive Independent Director for further term of 5 (Five) consecutive years with effect from 30<sup>th</sup> September 2019.

Statement on declaration given by Independent Directors

The Company has received necessary declaration from Independent Directors under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Relationship between directors inter-se

Mr. Ramesh R. Havele (DIN 00007580) and Mrs. Veena R. Havele (DIN 00007593) are related to each other as husband and wife.

Formal Annual Evaluation

The evaluation of the Board and its committees, evaluation of performance of individual directors and independent directors in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Schedule IV and other applicable provisions of the Companies Act, 2013 was conducted based on the criteria such as the Board composition and structures, effectiveness of board processes, information and functioning, contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

The performance of independent directors was evaluated by the entire Board of Directors.

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#### Details of familiarisation programmes of Independent Directors

The Company has a policy to keep the Independent Directors informed and updated about the business and the operations of the Company, on a continuous / as needed basis. In order to familiarise the Independent Directors with the Company and to inform them about their roles, rights and responsibilities, the Company conducts the orientation programs for them.

The Company conducts an induction program for every new Independent Director joining the Company's Board covering the organization structure, Company's business and its group companies.

The Company issues detailed letter of appointment to the Independent Directors detailing their roles and duties to be performed as an Independent Director on the Board of the Company.

The details of familiarisation programmes are available on the website of the Company. The web link thereto is <http://www.dhanadacorp.com/pdf/Details%20of%20Familiarisation%20programme%20for%20IDs.pdf>

#### **22. Number of meetings of Board of Directors:**

During the financial year 2018 – 2019, 5 (Five) meetings of the Board of Directors were held.

#### **23. Audit Committee:**

The Audit Committee consists of three members i.e. Mr. Dilip A. Prabhune (DIN 01779383), Chairman of the Committee and Mr. Shreeniwas G. Kale (DIN 00150957) and Mrs. Veena R. Havele (DIN 00007593).

All recommendations made by the Committee during the year were accepted by the Board.

#### **24. Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee consists of three members i.e. Mr. Shreeniwas G. Kale (DIN 00150957), Chairman of the Committee and Mrs. Veena R. Havele (DIN 00007593) and Mr. Dilip A. Prabhune (DIN 01779383).

The Committee reviews and ensures redressal of investor grievances. During the year 2018 – 19, one complaint was received from the shareholder. The Company has resolved the same to the satisfaction of shareholder. There are no investor complaints pending as on 31<sup>st</sup> March 2019.

#### **25. Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee consists of three members i.e. Mr. Shreeniwas G. Kale (DIN 00150957), Chairman of the Committee and Mrs. Veena R. Havele (DIN 00007593) and Mr. Dilip A. Prabhune (DIN 01779383).

The Committee has formulated policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees including criteria for determining qualifications, positive attributes and independence of director, performance evaluation and other matters in compliance with Section 178 of the Companies Act, 2013 read with rules made there under and SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015.

The said policy is also available on the website of the Company. A web link thereto is <http://www.dhanadacorp.com/pdf/Nomination%20and%20Remuneration%20Policy.pdf>.

The Committee operates as per the policy adopted by the Board. All recommendations made by the Committee were accepted by the Board.

#### **26. Details of establishment of vigil mechanism for directors and employees:**

The Company has established Whistle Blower / Vigil Mechanism Policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics. The said policy is also available on the website of the Company. A web link thereto is <http://www.dhanadacorp.com/pdf/Vigil%20Mechanism%20Policy.pdf>

#### **27. Particulars of contracts or arrangements with related parties:**

The particulars of every contract or arrangements entered into by the Company with related parties are disclosed in Form No. AOC-2 attached and forms part of the Directors' Report as Annexure 2.

The Company has formulated policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions in compliance with SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015.

The said policy is available on the website of the Company. A web link thereto is <http://www.dhanadacorp.com/pdf/Related-Party-Transactions-Policy-Amended.pdf>

## 28. Managerial Remuneration:

No director draws any remuneration from the Company.

### Remuneration of Key Managerial Personnel (KMP)

Name of KMP	Designation	Remuneration in 2018 – 19 (Rs.)	Remuneration in 2017 – 18 (Rs.)	% Increase of remuneration
Mr. Ramesh Pradhan	Chief Financial Officer	5,77,604/-	5,71,350/-	1.09
Mrs. Smita Mishra	Company Secretary	2,14,004/-	1,97,750/-	8.22

Median Remuneration of Employees (MRE) was Rs. Rs. 12,723/- and Rs. 11,910/- in the financial year 2018 – 19 and 2017 – 18 respectively. The increase in MRE in the financial year 2018 - 19, as compared to financial year 2017 – 18 is 6.83%.

The number of permanent employees on the rolls of the Company as on 31.03.2019 and 31.03.2018 are 28 and 25 respectively.

The revenue of the Company has gone up by 3.30%. The Company has suffered losses. The remuneration of the employees has increased by 8.08%.

The closing price of the Company's equity shares on BSE as of 31.03.2019 was Rs. 2.36/- representing a 76.40% decrease over IPO price.

It is affirmed that the remuneration of employees and KMPs is as per the remuneration policy of the Company.

No employee of the Company is receiving remuneration exceeding the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 29. Risk Management Policy:

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board of Directors has also framed Risk Management Policy / Plan. The said policy is available on the website of the Company. A web link thereto is <http://www.dhanadacorp.com/pdf/Risk%20Management%20Policy.pdf>

## 30. Corporate Governance and Management Discussion and Analysis Report:

The Company is committed to achieve business excellence and stakeholders' welfare through good corporate governance and adhere to the corporate governance requirements set out by SEBI. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report and Report on Corporate Governance along with Certificate of Compliance from Auditors are annexed and form part of the Directors' Report.

## 31. Directors' Responsibility Statement:

The Directors of the Company hereby state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- d) the Directors had prepared the annual accounts on a going concern basis;
- 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.

**32. Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaint was received or filed under the Act during the year.

**33. Maintenance of Cost Records:**

The Company is not required to maintain cost records pursuant to Section 148(1) of the Companies Act, 2013 read with rules made thereunder. Hence, no such accounts and records maintained.

**34. General Information:**

On 5<sup>th</sup> November 2018, the Deputy Collector of Pune has attached / taken under his custody / sealed the properties of Mr. Ramesh Havele, Director (DIN 00007580), parent company and other group companies and certain documents / papers / data / records / Minutes / Statutory Registers etc. of the Company, parent company and other group companies.

On 31<sup>st</sup> December 2018, the Bank of Maharashtra, Tilak Road Branch, Pune has lodged First Information Report (FIR) / compliant to CBI, EOW, Mumbai under Section 120-B of Indian Penal Code (IPC) read with Section 420 of IPC and substantial offences thereof against the Company, its directors and others for criminal conspiracy and cheating in the matter of Term Loan availed by the Company. The investigation is under process.

**35. Acknowledgements:**

The Directors express their sincere thanks to Dhanada Holdings Private Limited, the parent company, the Bankers, employees and stakeholders for their continued support and the faith and belief shown by them.

For and on behalf of the Board of Directors  
DHANADA CORPORATION LIMITED

Place : Pune  
Date : 13<sup>th</sup> August 2019

Ramesh R. Havele  
Chairman,  
Managing Director & CEO  
(DIN 00007580)

Veena R. Havele  
Director  
(DIN 00007593)



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2019**

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

To,  
The Members,  
DHANADA CORPORATION LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DHANADA CORPORATION LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company<sup>1</sup> and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2019**, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company<sup>1</sup> for the financial year ended on 31<sup>st</sup> March 2019 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. 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, 2015;
  - c. 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; and
  - d. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred as SEBI (LODR) Regulations, 2015).
- v. The following laws / regulations / guidelines, though prescribed by the Government in the format of Secretarial Audit Report, **were not applicable** to the Company during the audit period under review as no event took place under these regulations during the audit period:
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - f. 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.

- vi. Other laws specifically applicable to the Company:
- a. Food Safety and Standards Act, 2006 and Food Safety and Standards Rules, 2011;
  - b. Food Safety and Standards (Licensing & Registration of Food Businesses) Regulations, 2011 and Food Safety and Standards (Packing & Labelling) Regulations, 2011;

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

- (i) The Secretarial Standards notified by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above *subject to the following observations*:

1. There has been occasional delay in filing certain forms with Registrar of Companies, Pune.
2. An amount of Rs.2,08,36,128/- is advanced to the Managing Director. The purpose is not explained. This is contravention of the provisions of Section 185 of the Companies Act, 2013.
3. The Company has not yet filed Form PAS – 3 (erstwhile Form-2) for allotment of Equity shares made on 30<sup>th</sup> April 2010 to Dr. Laxman V. Kulkarni against the land acquired from him pursuant to the Scheme of Arrangement and Amalgamation sanctioned by Hon'ble High Court, Bombay dated 16<sup>th</sup> July 2009.
4. There are certain discrepancies in the issued share capital and listed share capital of the Company as reported in Reconciliation of Share Capital Audit Report submitted quarterly to the Bombay Stock Exchange Limited.
5. The Company has not submitted disclosures of related party transactions to the stock exchanges that are required to be submitted within 30 days of the publication of financial results for the half year ended on 31<sup>st</sup> March 2019 under Regulation 23(9) of SEBI (LODR) Regulations, 2015. Also, the said are not published on its website.
6. There was delay in filing outcome of the Board Meeting held on 23<sup>rd</sup> March 2019 as required under Regulation 30 of SEBI (LODR) Regulations, 2015 read with Schedule III.
7. Only 76.26% of shareholding of promoters and promoters group is in dematerialized form and not 100% as required under Regulation 31(2) of SEBI (LODR) Regulations, 2015.
8. The Company has not mentioned in Proxy Form that the holder may vote either for or against each resolution as required under Regulation 44(4) of SEBI (LODR) Regulations, 2015.
9. The Company has not published notices of meetings, book closure, quarterly unaudited financial results and audited financial statements etc. in the newspapers as required under Regulation 47 of SEBI (LODR) Regulations, 2015.
10. There was delay in filing ATR report on SEBI Complaints Redress System (SCORES) platform against the complaints lodged with SEBI as required under SEBI Circular dated 18.12.2014 for Redressal of investor grievances through SCORES platform.
11. The Company / management has not produced the proof of Notice sent / delivered to the members and others for the Annual General Meeting held on 29<sup>th</sup> September 2018 .

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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.

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.

Majority decision of the Board of Directors is carried through and are captured and recorded as part of the minutes. There were no dissenting views.

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

**I further report that** during the audit period there were no specific events / actions occurred in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. having a major bearing on the Company's affairs.

However, the following matters, though some of them have not occurred during the audit period or related to the above referred laws, can have a major bearing on the Company's affairs:

1. The Company was not able to service its bank loans which ultimately turned into NPAs. The Bankers have taken symbolic possession of the assets of the Company under SARFAESI Act and passed it over to an Asset Reconstruction Company.
2. There are civil and criminal cases filed against the directors of the Company. However, the matters are still pending with respective Court/s. The Company is an accused in one case.
3. The Company was unable to pay stamp duty on the Order passed by the High Court for sanctioning the Scheme of Arrangement and Amalgamation against the Demand Notice received from Collector of Stamps, Mumbai. The Company has received Final Notice dated 15<sup>th</sup> December 2017 from the said authority under Section 46 of the Maharashtra Stamp Act, 1958 regarding execution of the warrant of distraint of movable property, attachment of immovable property or warrant of arrest under Section 179 to 184 and / or other relevant provisions of Maharashtra Land Revenue Code, 1966. No attachment is yet made as per the information of the management.
4. On 5<sup>th</sup> November 2018, the Deputy Collector of Pune has attached / taken under his custody / sealed the properties of Mr. Ramesh Havele, Director (DIN 00007580), parent company and other group companies and certain documents / papers / data / records / Minutes / Statutory Registers etc. of the Company, parent company and other group companies under Maharashtra Protection of Interest of Depositors (In Financial Establishment) Act, 1999 (MPID).
5. On 31<sup>st</sup> December 2018, the Bank of Maharashtra, Tilak Road Branch, Pune has lodged First Information Report (FIR) / compliant to CBI, EOW, Mumbai under Section 120-B of Indian Penal Code (IPC) read with Section 420 of IPC and substantial offences thereof against the Company, its directors and others for criminal conspiracy and cheating in the matter of Term Loan availed by the Company. The investigation is under process.
6. The Office of the Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad had taken possession of the Hotel premises and attached/frozen the bank accounts of the Company on 3<sup>rd</sup> November 2018, pursuant to the Order passed by the Court of District and Session Judge, Aurangabad. The Competent Authority is managing the day-to-day affairs of the Company.
7. The Office of the Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad had put the property / commercial building of the Company i.e. Hotel Vits, CTS No. 18349/1-2-3, Vedant Nagar, Near Goldy Cinema, Railway Station Road, Aurangabad for e-Auction in the months of February and March 2019, pursuant to the Order passed by the Court of District and Session Judge, Aurangabad. However, the auction is not yet concluded.

Date : 31<sup>st</sup> July 2019  
Place : Pune

R. V. Pore  
Practicing Company Secretary  
FCS No. 6485  
C.P. No. 1913

Note:

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

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**Annexure A to Secretarial Audit Report**

To,  
The Members,  
DHANADA CORPORATION LIMITED

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **DHANADA CORPORATION LIMITED** ('the Company') is the responsibility of the management of the Company. My examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. My responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to me by the Company, along with explanations where so required.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to me. I believe that the processes and practices I followed, provides a reasonable basis for my opinion for the purpose of issue of the Secretarial Audit Report.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date : 31<sup>st</sup> July 2019  
Place : Pune

R. V. Pore  
Practicing Company Secretary  
FCS No. 6485  
C.P. No. 1913

**Annexure-2**

**Form No. AOC-2**

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

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

There were no contracts or arrangements or transactions entered into during the financial year ended on 31<sup>st</sup> March 2019, which were not at arm's length basis.

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

a	Name(s) of the related party and nature of relationship	Ms. Gautami R. Havele Relative of Directors
b	Nature of contracts / arrangements / transactions	Salary paid
c	Duration of the contracts / arrangements / transactions	01.04.2018 to 31.03.2019
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Appointed as HR Executive of the Company. Her services are beneficial for the Company. Value of transaction Rs. 1,68,000/-
e	Date(s) of approval by the Board	12.08.2016
f	Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors  
DHANADA CORPORATION LIMITED

Ramesh R. Havele  
Chairman,  
Managing Director & CEO  
(DIN 00007580)

Veena R. Havele  
Director  
(DIN 00007593)

Place : Pune  
Date : 13<sup>th</sup> August 2019

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**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**


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**1. Industry structure and developments**

The Indian tourism and hospitality industry have emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. During 2018, FEEs from tourism increased 4.70 per cent year-on-year to US\$ 28.59 billion. FEEs during January 2019 was US\$ 2.55 billion.

India is the most digitally-advanced traveller nation in terms of digital tools being used for planning, booking and experiencing a journey. Online hotel bookings in India have increased due to the growing penetration of the internet and smart phones. With the rise in the number of global tourists and realizing India's potential, many companies have invested in the tourism and hospitality sector. India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism. During 2018, foreign tourist arrivals (FTAs) in India stood at 10.56 million, achieving a growth rate of 5.20 per cent year-on-year. FTAs in January 2019 stood at 1.10 million, up 5.30 per cent compared to 1.05 million year-on-year.

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. During 2018-19, a total of seven projects worth Rs 384.67 crore (US\$ 54.81 million) were sanctioned under the Swadesh Darshan scheme.

Some of the major initiatives planned by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- Statue of Sardar Vallabhbhai Patel, also known as 'State of Unity', was inaugurated in October 2018. It is the highest standing statue in the world at a height of 182 metre. It is expected to boost the tourism sector in the country and put India on the world tourism map.
- The Government of India is working to achieve 1 per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.
- Under Budget 2019-20, the government allotted Rs 1,160 crore (US\$ 160.78 million) for development of tourist circuits under Swadesh Darshan.
- Under Budget 2019-20, the government allotted Rs 160.50 crore (US\$ 22.25 million) for development of tourist circuits under Swadesh Darshan.

Overall, the hospitality industry would see better growth in the years to come.

**2. Opportunities and Threats**

The steady rise in tourism and prospects of better economic growth in the years to come hold lot of promises for the hospitality industry.

However, there are some basic challenges. The first being constant pressure to lower room rates to maintain occupancy levels. The second being the tightening margins with room rates not going up and operating costs skyrocketing.

Exchange rate volatility is the third challenge. And lastly, high interest rates affecting the debt servicing capacity of hospitality industry.

The past year saw the start of an uptrend in the hospitality sector but was also marked by multiple challenges like curbs on liquor sale and the GST rollout.

Talent management is also a key challenge for the sector. Inadequate supply of quality talent and increased competition for talent within the sector and from competing service sectors has made attrition a significant issue for the industry. On the other hand, the expectations of the guests of the level of service gone up immensely due to competition.

Lack of training, manpower, political turbulence, changes in government norms and policies and high tax structure makes the industry worse off.

### 3. Finance

The Company continued to face paucity of funds during the year 2018 – 19. However, the working of the hotel has not suffered. The management is taking every effort to remedy the situation as early as possible.

### 4. Segment-wise or product-wise performance

The Company works in Hospitality segment. During the year under review, the sales / turnover of Dhanada Corporation Ltd. has increased as compared to the previous year. However, operating margins continued to be under pressure. The Company has suffered losses.

### 5. Outlook

Barring unforeseen difficulties, the hospitality sector looks forward to keep up its performance.

### 6. Risks and concerns

Apart from the general economic situation, seasonality, growing competition, the socio-political situation, governmental restrictions, changes in government norms and policies, power and water shortages and lack of infrastructure facilities, high interest rate and borrowing cost, fluctuation in foreign exchange rates, global recession and natural calamities are some of risks, which could affect the performance of the Company. Further, terrorist attacks, biological outbreaks and incidents of political or social violence can not only significantly impact specific locations but can also have a more widespread chilling impact on leisure travel behavior across a region or even globally.

The stagnancy of ARR also remains an area of concern. Paucity of funds remains the main concern.

### 7. Internal control systems and their adequacy

Internal Control Systems are adequate and operating effectively commensurate with the size, nature of operations of the Company.

### 8. Discussion on financial performance with respect to operational performance

The operational performance of the Company has increased as compared to the previous year.

The financial performance declined due to employee benefit costs, finance costs and other expenses. The Company has suffered losses.

### 9. Material developments in Human Resources / Industrial Relations front, including number of people employed

The Company under the guidance of VITIZEN Hotels Limited has appointed the necessary staff required for the Hotel. The training and development of the personnel is looked after by Vits Hotels Worldwide Private Limited. The Company has 85 employees as on 30<sup>th</sup> May 2018.

### 10. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

Sr. No.	Particulars	31.03.2019	31.03.2018	% of change	Explanation
i.	Debtors Turnover	0.14	0.08	75	Pursuant to the Order passed by the Court of District and Session Judge, Aurangabad, the office of the Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad had attached VITS Hotel and took possession and management of day to day operations of the said hotel. Due to this day to day business activity are affected. Outstanding Recoveries from debtors are under process.
ii.	Inventory Turnover	0.009	0.011	-18	-

Sr. No.	Particulars	31.03.2019	31.03.2018	% of change	Explanation
iii.	Interest Coverage Ratio	0.46	-0.14	429	Provision of diminution in the value of investment of Rs. 109.91 lakhs made for FY 2017-18 and due this EBIT margin was substantially decreased in FY 2017-18. For the FY 2018-19 there is no provision for diminution in the value of investment. Therefore, change in % significantly increased.
iv.	Current Ratio	0.31	0.24	29	Current ratio is increased as compared to previous year due to advances given as disclosed in related party transactions given in the Notes to Accounts of the financial Statement.
v.	Debt Equity Ratio	1.54	1.19	29	Loans liabilities are increased by provision of interest on borrowed capital. Due to financial difficulties, all such liabilities i.e. interest and principal are not discharged till 31 <sup>st</sup> March 2019. Consequently, Debt equity ratio is increased.
vi.	Operating Profit Margin (%)	12.20	-3.41	458	There is no provision of diminution in the value of investment in FY 2018-19, in FY 2017-18 provision was made of Rs. 109.91 lakhs. and due this EBIT margin is increased in FY 2018-19.
vii.	Net Profit Margin (%) or sector-specific equivalent ratios, as applicable.	-0.15	-0.27	44	No provision of diminution in the value of investments in FY 2018-19. Due to this, change in net profit margin is increased significantly.

**11. Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof**

Sr. No.	Particulars	31.03.2019	31.03.2018	% of change	Explanation
i.	Return on Net worth	-11.57	-18.78	38	There is a decrease in Net loss for FY 2018-19 as compared to previous year. Due to this change in return on Net worth are increased.

**12. Cautionary Statement**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include unavailability of finance at competitive rates, competition, significant changes in economic environment in India, regulatory provisions, tax laws, litigations, exchange rate fluctuations, interest and other costs.



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**REPORT ON CORPORATE GOVERNANCE**


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**1. Philosophy on Corporate Governance**

The Company's philosophy on corporate governance is to achieve business excellence and stakeholders' welfare through good corporate governance. Corporate Governance is a set of principles, processes and systems to be followed by the directors, management and all employees of the Company for enhancement of shareholders value, keeping in view interest of other stake holders. Your Company strives to embody these principles and practices in its philosophy on corporate governance and endeavors to practice Good Corporate Governance. The Board of Directors fully supports and endorses corporate governance practices.

**2. Board of Directors****a. Composition and Category of Directors:**

The Board consists of 4 Directors. Mr. Ramesh R. Havele (DIN 00007580) is the Chairman and Managing Director of the Company. All Directors except Managing Director are Non-executive Directors. Mr. Shreeniwas G. Kale (DIN 00150957) and Mr. Dilip A. Prabhune (DIN 01779383) are independent Directors.

Name of Director	DIN	Category
Mr. Ramesh R. Havele	00007580	Executive Director
Mrs. Veena R. Havele	00007593	Non – executive Director
Mr. Shreeniwas G. Kale	00150957	Independent Director
Mr. Dilip A. Prabhune	01779383	Independent Director

**b. Attendance of each Director at the meeting of the Board of Directors and the last Annual General Meeting:**

The details of the attendance of the Directors in their meeting and in the last Annual General Meeting are given below:

Sr. No.	Name of Director	Category	Attendance	
			Board Meeting	AGM
1.	Ramesh R. Havele	Executive	5	Yes
2.	Mrs. Veena R. Havele	Non –Executive	5	Yes
3.	Shreeniwas G. Kale	Independent	5	No
4.	Dilip A. Prabhune	Independent	5	Yes

**c. Number of other Board of Directors or Committees in which a director is a member or chairperson:**

Sr. No.	Name of Director	Category	Other Directorship/ Committee membership	
			Other Director-ship*	Committee Chairmanship/ Member-ship*
1.	Ramesh R. Havele	Executive	Nil	Nil
2.	Mrs. Veena R. Havele	Non –Executive	Nil	2
3.	Shreeniwas G. Kale	Independent	Nil	2
4.	Dilip A. Prabhune	Independent	Nil	2

\* Excluding directorships in Private Limited Companies, Membership of Nomination and Remuneration Committee of various bodies.

**d. Number of meetings of the board of directors held and dates on which held:**

During the financial year 2018 – 2019, your Board met 5 (Five) times on following dates:

25<sup>th</sup> May 2018, 13<sup>th</sup> August 2018, 14<sup>th</sup> November 2018, 13<sup>th</sup> February 2019, 23<sup>rd</sup> March 2019.

## e. Disclosure of relationships between directors inter-se:

Mr. Ramesh R. Havele (DIN 00007580) and Mrs. Veena R. Havele (DIN 00007593) are related to each other as husband and wife.

## f. Number of shares and convertible instruments held by non – executive directors:

Name of Director	Category	Number of shares held Equity shares of Re.1/- each
Mrs. Veena R. Havele	Non-Executive	NIL
Shreeniwas G. Kale	Independent	NIL
Dilip A. Prabhune	Independent	NIL

g. Web link where details of familiarisation programmes imparted to independent directors is disclosed <http://www.dhanadacorp.com/pdf/Details%20of%20Familiarisation%20programme%20for%20IDs.pdf>

## h. A chart or a matrix setting out the skills / expertise / competence of the Board of Directors specifying the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business and sector for it to function effectively and those actually available with the board:

Board Parameter	Specific skills / expertise / competency	Mr. Ramesh R. Havele (Executive Director)	Mrs. Veena R. Havele (Non-Executive Non-Independent Director)	Mr. Shreeniwas G. Kale (Non-executive Independent Director)	Mr. Dilip A. Prabhune (Non-executive Independent Director)
Industry knowledge & experience	Understanding of the relevant laws, rules, regulation policies applicable to the organization and status of compliances thereof by the organization	✓	✓	✓	✓
	Understanding of the best corporate governance practices, relevant governance codes, governance structure, processes and practices followed by the organization	✓	✓	✓	✓
	Understanding of business ethics, ethical policies, codes and practices of the organization	✓	✓	✓	✓
	Understanding of the structures and systems which enable the organization to effectively identify, asses and manage risks and crises	✓	✓	✓	✓
	Understanding of international practice	✓	✓	✓	✓

## i. In the opinion of the Board of Directors, the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

### 3. Audit Committee

## a. Terms of reference:

The terms of reference of Audit Committee are as specified under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and Section 177 of the Companies Act, 2013.

## b. Composition, name of members and Chairperson:

The Audit Committee consists of 3 members. Mr. Dilip A. Prabhune, Independent Director, is the Chairman of the Committee. The composition of Audit Committee is as under:

Name of Director	DIN	Member / Chairman
Mr. Dilip A. Prabhune	01779383	Chairman
Mrs. Veena R. Havele	00007593	Member
Mr. Shreeniwas G. Kale	00150957	Member

c. Meetings and attendance during the year:

During the financial year 2018 – 19, 5 (Five) Audit Committee meetings were held on the following dates, including those before finalization of Accounts and adoption of the Quarterly financial results by the Board.

25<sup>th</sup> May 2018, 13<sup>th</sup> August 2018, 14<sup>th</sup> November 2018, 13<sup>th</sup> February 2019, 23<sup>rd</sup> March 2019.

The attendance of the members is as follows:

Sr. No.	Name of Directors	Held during the year	Attended
1.	Mrs. Veena R. Havele	5	5
2.	Shreeniwas G. Kale	5	5
3.	Dilip A. Prabhune	5	5

#### 4. Nomination and Remuneration Committee

a. Terms of reference:

The terms of reference of the Nomination and Remuneration Committee are as prescribed under Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and Section 178 of the Companies Act, 2013.

b. Composition, name of members and Chairperson:

The Nomination and Remuneration Committee consists of 3 members. Mr. Shreeniwas G. Kale, Independent Director, is the Chairman of the Committee. The composition of Nomination and Remuneration Committee is as under:

Name of Director	DIN	Member / Chairman
Mr. Shreeniwas G. Kale	00150957	Chairman
Mrs. Veena R. Havele	00007593	Member
Mr. Dilip A. Prabhune	01779383	Member

c. Meetings and attendance during the year:

During the financial year 2018 – 19, Nomination and Remuneration Committee did not meet.

d. Performance evaluation criteria for independent directors:

The Committee has formulated policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees including criteria for determining qualifications, positive attributes and independence of director, performance evaluation and other matters in compliance with Section 178 of the Companies Act, 2013 read with rules made there under and SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015.

The said policy is also available on the website of the Company. A web link thereto is: <http://www.dhanadacorp.com/pdf/Nomination%20and%20Remuneration%20Policy.pdf>

## 5. Remuneration of Directors:

None of the directors draws any remuneration from the Company.

## 6. Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted under the Chairmanship of Mr. Shreeniwas G. Kale (DIN 00150957), Non – executive Director.

Mrs. Smita A. Mishra, Company Secretary, is Compliance Officer.

There are no investor complaints pending as on 31<sup>st</sup> March 2019.

## 7. General Body Meetings

The details of Annual General Meeting held during the last 3 years are as follows:

AGM/Year	Venue	Date	Time
2015 – 2016	“Dhanada”, 16/6, Erandwana Hsg. Soc., Plot No.8, Patwardhan Baug, Pune – 411004.	30 <sup>th</sup> September 2016	4.00 p.m.
2016 – 2017	“Gautami”, 16/6, Erandwana Hsg. Soc., Plot No.12, Patwardhan Baug, Pune – 411004.	29 <sup>th</sup> September 2017	4.00 p.m.
2017 – 2018	“Dhanada”, 16/6, Erandwana Hsg. Soc., Plot No.8, Patwardhan Baug, Pune – 411004.	29 <sup>th</sup> September 2018	4.00 p.m.

Details of Special Resolutions passed in the previous three Annual General Meetings:

Date of Annual General Meeting	Details of Special Resolution passed
30 <sup>th</sup> September 2016	Nil
29 <sup>th</sup> September 2017	Nil
29 <sup>th</sup> September 2018	Nil

## 8. Means of Communication

The Company has been sending the quarterly / half yearly reports to Bombay Stock Exchange, the principal Stock Exchange where the shares of the Company are listed, immediately after approval by the Board.

The Company puts forth vital information about it on its website [www.dhanadacorp.com](http://www.dhanadacorp.com) regularly for the benefit of its shareholders and public at large.

## 9. Disclosures

- Audit Committee reviews periodically the significant related party transactions. There were no materially significant transactions by the Company, during the financial year, with its related parties such as promoters, directors, key managerial personnel, relatives or subsidiaries that could have potential conflict of interest with the Company. Details of related party transactions are provided in Note j of Note 23 B of the Notes forming part of the Financial Statements in accordance with provisions of Accounting Standard 18, issued by the Institute of the Chartered Accountants of India.
- No penalty or strictures were imposed on the Company by Stock Exchange, SEBI or any statutory body on any matter related to Capital Market during the last three years.
- The Company has a Vigil Mechanism and Whistle Blower Policy in place which can be accessed on the Company’s website [www.dhanadacorp.com](http://www.dhanadacorp.com). It is affirmed that no personnel has been denied access to the Chairman of the audit committee in terms of the policy. During the year, no complaints were filed under the said policy.

- (d) The details of non – compliance of certain mandatory requirements are given in Point No. 13 below. Also, the extent to which non – mandatory requirements are adopted by the Company is given in Point No. 14 below.
- (e) Web link where policy for determining ‘material’ subsidiaries is disclosed [http://www.dhanadacorp.com/pdf/Policy\\_for\\_deteriming\\_Material\\_Subsiidiary.pdf](http://www.dhanadacorp.com/pdf/Policy_for_deteriming_Material_Subsiidiary.pdf) The Company has no subsidiary w.e.f. 14<sup>th</sup> November 2017.
- (f) Web link where policy on dealing with related party transactions is disclosed <http://www.dhanadacorp.com/pdf/Related-Party-Transactions-Policy-Amended.pdf>
- (g) The Company's financial statements are prepared in accordance with Generally Accepted Accounting Principles and comply with the Accounting Standards as prescribed under section 133 of the Act read with the Companies (Indian accounting standards) Rules, 2015 which are in line with the Accounting Standards recommended by the Institute of the Chartered Accountants of India. No accounting treatment was different from that prescribed in the Accounting Standards.
- (h) The declaration by the Chief Executive Officer stating that all the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended 31<sup>st</sup> March 2019 is annexed to the Corporate Governance Report.
- (i) A certificate from a Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority is annexed to the Corporate Governance Report.
- (j) The Board had accepted all the recommendation made by the committees of the Board during the financial year.
- (k) The Company has paid total fees of Rs. 5,35,000/- to the Statutory Auditors and Tax Auditors for all services.
- (l) No complaint was received or filed under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year.

## 10. Management Discussion and Analysis

The Management Discussion and Analysis given separately and the same is annexed and forms part of Directors' Report.

## 11. Compliance Certificate of the Auditors

The Company has obtained a Certificate from the Statutory Auditors confirming compliance with conditions of Corporate Governance and the same is annexed and forms part of Directors' Report.

## 12. General Shareholders Information

- (i) Date of meeting of the Board of Directors in which Accounts for the year 2018 – 2019 were approved 30<sup>th</sup> May 2019
- (ii) Date of Annual General Meeting 28<sup>th</sup> September 2019  
Venue Tejas Bhavan, Tejas Society, Kothrud, Pune – 411038  
Time 4.00 p.m.
- (iii) Financial Calendar for 2019 – 20 (Tentative)

1 <sup>st</sup> quarterly results	Second Week of August 2019
2 <sup>nd</sup> quarterly results	Second Week of November 2019
3 <sup>rd</sup> quarterly results	Second Week of February 2020
4 <sup>th</sup> quarterly results	Last Week of May 2020
Annual results for the year ending 31 <sup>st</sup> March 2020	Last Week of May 2020

- (iv) No dividend is recommended for the Equity shareholders of the Company.
- (v) Book Closure for Annual General Meeting: The book closure is from 21<sup>st</sup> September 2019 to 28<sup>th</sup> September 2019 (Both days inclusive).

(vi) Listing

Shares are listed on Bombay Stock Exchange (BSE).

Stock Code: 531198

The listing fee of Bombay Stock Exchange is paid up-to-date.

(vii) Dematerialization

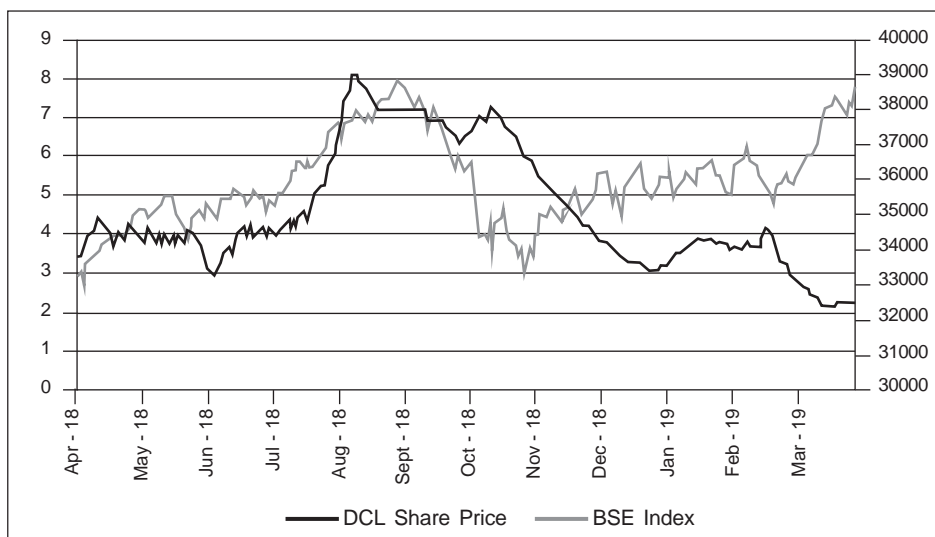
The Company has entered into dematerialization agreements with NSDL and CDSL (ISIN: INE041F01015). The shareholders are welcome to send their shares to any of the depositories for dematerialization. As on 31<sup>st</sup> March 2019, 74.46% (41644755) shares are held in demat form.

(viii) Market Price data

The monthly high / low prices of share of the Company on BSE from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 are given below:

Sr. No.	Month	High(Rs.)	Low(Rs.)	Volume of Shares
1	April 2018	4.52	3.27	9577
2	May 2018	4.23	3.24	20559
3	June 2018	4.21	2.79	303561
4	July 2018	6.36	3.79	278983
5	August 2018	8.09	6.67	388785
6	September 2018	7.20	6.21	154053
7	October 2018	7.32	5.67	149994
8	November 2018	5.56	3.86	12327
9	December 2018	3.79	3.07	17414
10	January 2019	4.01	3.31	19687
11	February 2019	4.20	2.85	16169
12	March 2019	2.80	2.07	24759

Performance in comparison to broad-based indices such as BSE Sensex for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.



(ix) Share transfer system

The Company has appointed M/s. LINK INTIME INDIA PRIVATE LIMITED as Registrar & Transfer Agents for both physical and demat mode. Applications for transfer of shares in physical form are processed and registered within 15 days from the date of receipt, if the applications are in order.

(x) Share holding pattern as on 31<sup>st</sup> March 2019

Distribution of share holding as on 31<sup>st</sup> March 2019

No. of Equity Shares	No. of Members	% to total Members	No. of Shares	% to total Shares
Upto 10000	3871	95.06	2630939	4.70
10001 – 50000	134	3.29	3039942	5.44
50001 & above	67	1.65	50262700	89.86
<b>Total</b>	<b>4072</b>	<b>100</b>	<b>55933581</b>	<b>100</b>

(xi) Categories of shareholders as on 31<sup>st</sup> March 2019

Category	No. of shares Held	Percentage of Shareholding
<b>Promoter's Holding</b>		
Indian Promoters	36022496	64.40%
<b>Non-promoter's Holding</b>		
Institutional Investors	Nil	N.A.
Mutual Funds and UTI	127500	0.23%
Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non- govt. Institutions)	Nil	N.A.
FIs	Nil	N.A.
NBFCs registered with RBI	2094	0.00%
Other Corporate Bodies	1105376	1.98%
Indian Public	18197644	32.54%
NRIs / OCBs	125660	0.22%
HUF	336141	0.60%
Any Other	16670	0.03%
<b>TOTAL</b>	<b>55933581</b>	<b>100.00</b>

(xii) Location of Plant (Hotel):

Hotel VITS, Aurangabad  
S. No. 18349/1/1+2+3,  
Station Road, Aurangabad – 431005.

(xiii) Address for Correspondence:

Dhanada Corporation Limited  
FL - D2, Jaiprakash Apt., SN 54/6, Wadgaon Budruk,  
Near Garve Hyundai, Near Tol Naka, Pune – 411041.  
Email: dhanada@dhanadacorp.com

(xiv) Share Transfer Agents:

Link Intime India Private Ltd.  
Head Office:  
C 101, 247 Park, L B S Marg, Vikhroli West,  
Mumbai – 400083.  
Pune Address:  
Block No. 202, 2<sup>nd</sup> Floor, Akshay Complex,  
Off. Dhole Patil Road, Near Ganesh Temple, Pune – 411001.

**13. Non – compliance of any requirement of SEBI (LODR) Regulations, 2015, with reasons thereof**

- a. The Company has not submitted disclosures of related party transactions to the stock exchanges that are required to be submitted within 30 days of the publication of financial results for the half year ended on 31<sup>st</sup> March 2019 under Regulation 23(9) of SEBI (LODR) Regulations, 2015. Also, the said are not published on its website, due to oversight.
- b. The delay was occurred in filing outcome of the Board Meeting held on 23<sup>rd</sup> March 2019 as required under Regulation 30 of SEBI (LODR) Regulations, 2015 read with Schedule III, due to ill health of Compliance Officer.
- c. Due to some technical issues, entire / 100% of shareholding of promoters / promoters group are not in dematerialized form.
- d. The Company has not mentioned in Proxy Form that the holder may vote either for or against each resolution as required under Regulation 44(4) of SEBI (LODR) Regulations, 2015, due to oversight.
- e. The Company did not publish notices of meetings, book closure, quarterly unaudited financial results and audited financial statements etc. in the newspapers, due to financial difficulties.

**14. Non – mandatory / Discretionary Requirements**
**a. The Board**

Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.	Not Applicable. As the Chairman of the Board is Executive
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**b. Shareholder Rights**

The half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders.	The Company's half yearly financial results are available on its website i.e. <a href="http://www.dhanadacorp.com">www.dhanadacorp.com</a>
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**c. Modified opinion(s) in audit report**

The Company may move towards a regime of financial statements with unmodified audit opinion.	Due to financial difficulties the Company is unable to remove certain qualification by the Auditor.
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**d. Separate posts of chairman and chief executive officer**

The Company may appoint separate persons to the post of Chairman and Chief Executive Officer.	No. The Company has appointed same person as Chairman, Managing Director and Chief Executive Officer.
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**e. Reporting of Internal Auditor**

The internal auditor may report directly to the Audit Committee.	Yes. The internal auditor has direct access to the Audit Committee's Chairman and members and is also an invitee for audit committee meetings.
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**DECLARATION**

**(under Regulation 34(3) read with Clause D of Schedule V to  
SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015**

I, Ramesh Ramchandra Havele (DIN 00007580), Managing Director and Chief Executive Officer of Dhanada Corporation Limited hereby confirm that:

The Board of Directors of Dhanada Corporation Limited has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The said Code of Conduct has also been posted on the Company's website [www.dhanadacorp.com](http://www.dhanadacorp.com).

All the Board members and Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the year ended on 31<sup>st</sup> March 2019.

Date: 13<sup>th</sup> August 2019  
Place: Pune

Ramesh R. Havele  
Chairman, Managing Director & CEO  
(DIN 00007580)

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**ANNEXURE TO THE REPORT OF THE DIRECTORS  
CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE**

To the Shareholders of Dhanada Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Dhanada Corporation Limited, for the year ended on 31<sup>st</sup> March 2019, as prescribed in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 conditions of Corporate Governance as stipulated in the above mentioned LODR *subject to the exceptions as detailed in Point No. 13 of Report on Corporate Governance*.

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 Shashank Patki & Associates  
Chartered Accountants  
Firm's registration number: 122054W

Place: Pune  
Date : 13<sup>th</sup> August 2019

Shashank Patki  
Partner  
Membership number: 035151

**CERTIFICATE OF NON – DISQUALIFICATION OF DIRECTORS**

*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of  
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

The Members,

**DHANADA CORPORATION LIMITED**

FL - D2, Jaiprakash Apt., SN 54/6, Wadgaon Budruk,  
Near Garve Hyundai, Near Tol Naka, Pune – 411041.

\*I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of DHANADA CORPORATION LIMITED having CIN L55101PN1986PLC133909 and having registered office at FL - D2, Jaiprakash Apt., SN 54/6, Wadgaon Budruk, Near Garve Hyundai, Near Tol Naka, Pune – 411041 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sanjana D. Hinge  
Practicing Company Secretary

Place : Pune  
Date : 13<sup>th</sup> August 2019

M. No. A21824  
CP No. 14437

*\*Certain documents / papers / data / records / Minutes / Statutory Registers are under the custody of Deputy Collector of Pune. Hence, they were not made available to me for examination. The report is made subject to the said deficiency / limitations.*

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INDEPENDENT AUDITORS' REPORT

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TO  
THE MEMBERS OF  
DHANADA CORPORATION LIMITED

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Dhanada Corporation Limited ("the Company"), which comprise of the Balance sheet as at 31st March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in equity and the Statement of cash flows for the year ended on that date with notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as 'financial statements').

**Subject to the matters of concern specified in Basis of Opinion paragraph and also in various notes to the financial statements (financial impact mentioned therein, wherever ascertainable),** in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian accounting standards) Rules, 2015, as amended and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019 and the loss, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Matters of concern :

- a. As mentioned in note no. I of Note – 23 B, the accounts have been compiled on the basis of the records and documents available with the Company due to seizure of records and documents by Police authorities, now partially released. The impact on accounts (financial as well as disclosure) due to such non-availability of the records is not ascertainable.
- b. As mentioned in foot note no. 7 of Note no. 4 and note no. I of Note – 23 B, the Company has been carrying out the accounting of the transactions on the basis of the information and documents available at the time of compilation of accounts. During the year, the Company could get some of the records and based on the same, reconciliation of a few bank accounts (which hitherto was not possible) was done and the accounting was carried out on the basis of such bank reconciliation statements which has resulted into an amount of Rs. 208,36,128.00 being reflected as advanced to Mr. Ramesh Havele, one of the directors of the company. This is in contravention of Section 185 of the Companies Act, 2013. The financial liabilities on account of penalties, if any have not been quantified and recognised in the accounts.
- c. As mentioned in foot note no. 1 of Note no. 1 and foot note no. 2 of Note no. 8, pending conveyance of land at Nande, pending payment of stamp duty applicable to scheme of arrangement & amalgamation sanctioned by Hon'ble Bombay High Court vide their judgement dated 16<sup>th</sup> July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of Fixed Assets (Land) of Rs. 1,59,65,999.74, Issued, Subscribed and Paid up Share Capital of Rs. 17,96,254.00, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr.Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all legal formalities, the respective amounts on the aforesaid accounts are overstated to that extent.
- d. As mentioned in foot note no. 3 of Note no. 1, in the absence of the records, the nature of Capital Work in Progress (pending since long) could not be ascertained. As such the probable accounting thereof, capital or revenue, is pending. Further, the impairment of Assets (including Capital Work in Progress), if any, as per the requirements of Ind AS 36 has not been ascertained, and as such, the consequent financial impact on accounts is not ascertainable.
- e. Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni (Foot note 2 of Note no. 4) are not available with the Company. As such, we are unable to express our opinion on the genuineness of the payment, recoverability thereof and correctness of the accounting treatment. Financial impact on accounts is not ascertainable.

- f. As mentioned in foot note no. 5 of Note no. 7, Balances with Banks in current account include as amount of Rs. 179,75,000/- lakhs kept in bank account in the individual name of director. As informed to us, this amount has been kept in No Lien Account as part of the negotiation with a lender bank for One Time Settlement. Further, this account is subject to confirmation, reconciliation and consequential adjustments, if any. Financial impact on accounts is not ascertainable.
- g. As mentioned in foot note no. f of Note no. 23 B, the outstanding balances of sundry creditors, sundry debtors, and advances (taken or given), bank current accounts (as specified in foot note 8 and 9 of Note 7), bank deposit accounts, all loan/overdraft accounts are subject to confirmation, reconciliation and consequential adjustments if any. Financial impact on accounts is not ascertainable.
- h. As mentioned in various notes, no provision has been made for interest on Sales Tax Deferment and interest / penalties for non-payment / late payment of statutory dues and for non-compliance of legal formalities, interest payable to MSME creditors etc., if any. The amount is not ascertainable. Financial impact on accounts is not ascertainable.
- i. As mentioned in Note no. 16 and 20, in the absence of details, the interest on borrowings and on bank deposits has been accounted for at contractual rates. Financial impact on accounts is not ascertainable.
- j. The company's gross investments in equity shares of three subsidiary companies of Rs. 883.13 lakhs were sold during the previous year (2017-18) for an amount of Rs. 0.48 lakh only. The value of these investments was diminished progressively by charging to profit and loss accounts for the years from 2014-15 to 2017-18 (Note no. 22). We have not examined the propriety of this sale, which is based on the management's assessment on the recoverability of these financial assets and of the consequent loss.
- k. In the absence of the records, seized by Police authorities, the correctness of the amounts written off/back could not be ascertained.

#### Key Audit Matters

Key audit matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described herein below to be the key audit matters to be communicated in our report.

The Key Audit Matters	How the matter was addressed in our audit
<p><b>1. Seizure of records</b></p> <p>The company's records were seized by government and police authorities. They had records at two places: Head Office-Pune and Hotel operations- Aurangabad. The head office at Pune was sealed by the authorities in the earlier years and the company had almost no access to the same. During the year 2017-18 the same were partially released and the company has been accounting for the transactions on the basis of available data and records. The details have been mentioned in the notes to account of the previous year. The list of documents and records seized / taken possession of by various authorities is not readily available with the Company. In the current year 2018-19, the hotel operations at Aurangabad were also seized and bank account operations were frozen by the police authorities following an order of the High court, Aurangabad. Later a person at district collector office was appointed to release the payments for expenditures that were incurred at hotel.</p>	<p>The transactions at Head office were verified based on the records available with the company. Wherever the records were not made available or were not available at the company office has been mentioned specifically by the company (in the notes to account). Audit procedures included:</p> <ul style="list-style-type: none"> <li>- Verification of various records, documents, transactions statements, bank reconciliations of now available bank statements and verifying its impact</li> <li>- Verification of the records and documents, the Company could get hold of and ensuring the accounting arising thereof even for earlier accounting periods</li> <li>- Perusal of various supporting statements to disclosures required</li> <li>- In respect of Audit of transactions at Hotel at Aurangabad we have carried out substantive testing on the basis of selected samples of transactions and tested that the impact is recognized in accordance with the standard accounting procedures. Also significant observations in internal audit report related to revenue and mitigation thereof were considered.</li> </ul>

The Key Audit Matters	How the matter was addressed in our audit
<p><b>2. Recoverability of Indirect tax receivables</b></p> <p>The company is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated financial statements.</p> <p>Refer Notes 4 and 14 to the financial statements.</p>	<p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> <li>- Obtained understanding of key uncertain tax positions; and</li> <li>- We read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;</li> <li>- Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and</li> <li>- Assessed management's estimate of the possible outcome of the disputed cases;</li> </ul>

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

The Company's borrowings from banks and financial institutions have been classified by the lenders as non-performing assets during the year. We were informed that the Company is also in the process of initiating One Time Settlement (OTS) with the banks. As informed to us, some of the lenders have approached Government Authorities in respect of the Company's borrowings.

Also the property of the Company Hotel VITS is located at Aurangabad being currently the place of business of the company. Subsequent to the Session court order by Additional Sessions Judge, Aurangabad dated 05.02.2019 the competent authority after attaching VITS Hotel has taken its possession and management of day to day affairs of the said hotel operations.

The Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad has issued notice for e-Auction of the hotel property of the Company at Aurangabad. The e-Auction process has been conducted on 22nd February 2019 and 8th March 2019. The e-Auction of the said property of the Company could not, reportedly be materialized.

The above factors cast a significant uncertainty on the Company's ability to continue as a going concern. Pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

#### Report on Other Legal and Regulatory Requirements

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

Subject to the Matters of concern mentioned in the para 'Basis for Opinion', Key Audit Matters and Other Matters hereinabove,

- (a) We have sought and obtained the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, only to the extent the record was available with the Company.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss (including other comprehensive income) and statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**", and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration is paid by the Company to its directors during the year.

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- (h) 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, subject to Note a of Matters of Concern mentioned in the para Basis for Opinion hereinabove :
- i. the Company has disclosed the fact of pending litigations against the Company. However, financial impact thereof on its financial position has not been ascertained.
  - ii. As informed to us, there was no derivative contract outstanding on the date of Balance Sheet. As informed to us, the Company has not ascertained the material foreseeable losses, if any, on long-term contracts for proposed project and consultancy for financial arrangements.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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 B**, a statement on the matters specified in the paragraph 3 and 4 of the order.

For Shashank Patki & Associates  
Chartered Accountants  
Firm's registration number: 122054W

Place: Pune  
Date : 30<sup>th</sup> May, 2019

Shashank Patki  
Partner  
Membership number: 035151

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**ANNEXURE-A TO THE AUDITOR'S REPORT**

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**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 with reference to the financial statements of Dhanada Corporation Limited ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the said financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements 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 with reference to the financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

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 with reference to financial statements 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.



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### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 overall internal financial controls system with reference to financial statements as of 31<sup>st</sup> March 2019, especially in respect of :

- i. Sale and cash/revenue collection
- ii. All sorts of receivables and advances (capital or trade) by whatever name called,
- iii. All sorts of creditors and payables by whatever name called and
- iv. Control, identification and verification of property, plant and equipments including capital work in progress and/or additions to fixed & intangible assets

need to be strengthened so as to be commensurate with the size and nature of the business of the Company to be in line with the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Shashank Patki & Associates  
Chartered Accountants  
Firm's registration number: 122054W

Place: Pune  
Date : 30<sup>th</sup> May, 2019

Shashank Patki  
Partner  
Membership number: 035151

**ANNEXURE-B TO THE AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

- (i) (a) In view of the seizure of the records of the Company by the Police authorities, the Fixed Assets Register could not be verified.
- (b) As informed to us, the physical verification of fixed assets was not carried out during the year.
- (c) As mentioned in footnote 1 of Note No 1 Property Plant and Equipment, the land at Nande has not yet been transferred in the name of the Company, pending execution of conveyance deed. As mentioned in footnote 2 of Note No 1 Property Plant and Equipment, the property at Aurangabad has not yet been transferred in the name of the Company. According to the information and explanations given to us and on the basis of our examination of the available records of the Company, the title deeds of other immovable properties are held in the name of the Company.
- (ii) (a) As informed to us, the inventories were physically verified by the management at reasonable intervals.
- (b) As informed to us, the discrepancies noticed on physical verification of inventories were not material and the same have properly been dealt with in the accounts.
- (iii) The register required to be maintained under section 189 of the Companies Act, 2013 ('the Act') was not produced for our verification. As such the disclosure, if any in respect of granting of any loans to parties covered under section 189 could not be ascertained.
- (iv) The Company has given an advance of Rs. 2,08,36,128/- to Mr. Ramesh Havele, a director of the Company. The purpose of the advance is not explained to us. This is in contravention of the provisions of Section 185 of the Companies Act, 2013. Considering the absence of records, the impact of this and such absent records on the compliance by the Company of provisions of section 185 and 186 of the Act, with respect to the other loans and investments made, if any could not be ascertained.
- (v) On the basis of the available records and as per the information and explanations given to us, the Company has not accepted any deposits from the public during the year. As such, the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable..
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there have been delays in payment of amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues with the appropriate authorities.

Sale Tax Deferment dues of Rs. 2,54,188/- are outstanding for a period of more than six months from the date they became payable. Similarly, Sales tax dues of Rs. 2,68,666/- (1998-99), Rs. 75,576/- (1999-2000) and Rs. 12,049/- (2001-02) are outstanding pursuant to the final order of Sales Tax Authorities. Except this, according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes:

Disputed income tax liability against income tax assessment order passed by Income Tax officer.

Name of the Statute	Nature of Dues	Amount	F.Y.	Forum Where dispute is pending
Income Tax Act, 1961	Assessment dues	1,96,01,345	2011-12	Commissioner of Income Tax (Appeals) – Aurangabad
Income Tax Act, 1961	Assessment dues	74,34,315	2012-13	Commissioner of Income Tax (Appeals) – Aurangabad
Income Tax Act, 1961	Assessment dues	49,75,050	2013-14	Commissioner of Income Tax (Appeals) – Aurangabad

(viii) In our opinion and according to the information & Explanation given to us the company has defaulted in repayment of dues to the following parties :

Name of Financial institution/Govt. Authority	Amount defaulted as at the balance sheet date	Period of default	Remarks
Bank of Maharashtra - Loan - Overdraft	817,21,869.48 80,12,247.95	Since 2014-15	Symbolic possession has been taken on mortgaged Asset. No information available, but treated as default since credit term expired.
Phoenix ARC Pvt. Ltd	12,77,07,052.79	Since 2012-13	Symbolic possession has been taken on mortgaged Asset
Sales Tax Deferment	2,54,188.02	Since 2004	Interest over and above this amount not paid nor provided.
Special Incentive	25,00,000.00	Since 2008	-

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for any managerial remuneration.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) As mentioned in Foot note 1 of Note 21, a bill of a concern, in which a director is interested towards professional fees of Rs. 18,84,634.60 has been accounted for. This bill pertains to earlier year, when he was not a director of the Company. It is the contention of the Company that provisions of Section 177 and 188 of the Act are not applicable to this accounting since the transaction pertains to a period when the concerned director was not a director of the Company. According to the information and explanations given to us and based on our examination of the records of the Company, other recorded transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not, during the year, entered into non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Shashank Patki & Associates  
Chartered Accountants  
Firm's registration number: 122054W

Place: Pune  
Date : 30<sup>th</sup> May, 2019

Shashank Patki  
Partner  
Membership number: 035151

# Financial Statements



**BALANCE SHEET AS AT 31ST MARCH 2019**

<b>Particulars</b>	<b>Note No.</b>	<b>As at 31st March 2019 Rs.</b>	<b>As at 31st March 2018 Rs.</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1	<b>24,41,29,492.95</b>	25,33,41,994.60
Capital Work in Progress	1	<b>1,81,07,796.40</b>	1,81,42,796.40
Intangible Assets	1	<b>71,756.51</b>	57,626.38
		<b>26,23,09,045.86</b>	27,15,42,417.38
Financial Assets:			
Investments	2	<b>5,000.00</b>	30,000.00
Other Financial Assets	3	-	-
Tax Assets (Net)		<b>34,06,888.78</b>	31,59,149.79
Other Non Current Assets	4	<b>4,42,77,732.42</b>	4,55,12,377.52
		<b>4,76,89,621.20</b>	4,87,01,527.31
<b>Current Assets</b>			
Inventories	5	<b>10,78,224.52</b>	11,97,551.73
Financial Assets:			
Trade Receivable	6	<b>1,61,30,397.42</b>	83,85,011.54
Cash and Cash Equivalents	7	<b>2,60,47,953.40</b>	1,29,56,959.88
Bank Balances other than Cash and Cash Equivalents	7	<b>64,92,761.79</b>	2,39,23,949.98
Other Financial Assets	3	<b>1,12,849.60</b>	99,122.38
Other Current Assets	4	<b>2,36,05,994.52</b>	21,06,356.03
		<b>7,34,68,181.25</b>	4,86,68,951.54
<b>TOTAL ASSETS</b>		<b>38,34,66,848.31</b>	36,89,12,896.23
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Shares Capital	8	<b>5,59,33,581.00</b>	5,59,33,581.00
Other Equity	9	<b>8,69,41,050.24</b>	10,34,75,302.24
<b>Total Equity</b>		<b>14,28,74,631.24</b>	15,94,08,883.24
<b>Non-Current Liabilities</b>			
Financial Liabilities:			
Borrowings	10	-	-
Other Financial Liabilities	11	<b>34,99,996.98</b>	34,99,996.98
Employee Benefit Obligations	12	<b>37,22,639.00</b>	28,65,950.00
		<b>72,22,635.98</b>	63,65,946.98
<b>Current Liabilities</b>			
Financial Liabilities:			
Borrowings	10	<b>22,06,22,977.85</b>	18,96,60,910.39
Trade Payables	13	<b>31,46,950.06</b>	54,94,641.59
Other Financial Liabilities		-	-
Other Current Liabilities	14	<b>95,99,653.18</b>	79,82,514.03
		<b>23,33,69,581.09</b>	20,31,38,066.01
<b>TOTAL EQUITY AND LUABILITIES</b>		<b>38,34,66,848.31</b>	36,89,12,896.23

As per our report of even date

For and on behalf of the Board of Directors

For M/s. Shashank Patki & Associates  
Chartered Accountants  
Firm Registration No. 122054W

Ramesh R. Havele  
Managing Director  
(DIN : 00007580)

Mrs. Veena R. Havele  
Director  
(DIN : 00007593)

Shashank Patki  
(Partner)  
M. No. 035151

Ramesh M. Pradhan  
Chief Financial Officer

Mrs. Smita Mishra  
Company Secretary

Place : Pune  
Date : 30th May 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2019

Particulars	Note No.	Year ended 31st March 2019 Rs.	Year ended 31st March 2018 Rs.
<b>INCOME:</b>			
Revenue from operations	15	<b>11,21,66,366.65</b>	10,92,98,284.45
Other Income	16	<b>15,55,060.21</b>	7,88,931.20
<b>Total Income</b>		<b>11,37,21,426.86</b>	11,00,87,215.65
<b>EXPENSES:</b>			
Food and Beverage Consumed	17	<b>1,39,52,476.82</b>	1,47,07,915.81
Derivative trading Los and expenses	18	-	7,966.23
Employee benefit expense	19	<b>2,31,39,563.00</b>	2,14,09,103.97
Financial costs	20	<b>3,04,06,887.85</b>	2,61,83,797.72
Depreciation and amortization expense	1	<b>97,92,858.68</b>	1,19,88,574.53
Other Operating and General Expenses	21	<b>5,29,38,892.51</b>	5,46,84,288.73
<b>Total Expenses</b>		<b>13,02,30,678.86</b>	12,89,81,646.99
Profit/(Loss) before exceptional Item and Tax		<b>(1,65,09,252.00)</b>	(1,88,94,431.34)
Exceptional Items	22	<b>25,000.00</b>	1,10,43,323.68
<b>Profit/(Loss) before tax</b>		<b>(1,65,34,252.00)</b>	(2,99,37,755.02)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
<b>Total Tax Expenses</b>		-	-
<b>Profit/(Loss) after Tax for the period</b>		<b>(1,65,34,252.00)</b>	(2,99,37,755.02)
<b>Other Comprehensive Income, (Net of Tax):</b>			
Items that will not be reclassified to profit and loss			
Actuarial Loss/(Gain) on employee gratuity (net of tax)		-	-
<b>Total Comprehensive Income for the period</b>		<b>(1,65,34,252.00)</b>	(2,99,37,755.02)
<b>Earnings Per Share:</b>			
No.of equity shares of Re.1/- each		<b>5,59,33,581</b>	5,59,33,581
i) Basic		<b>(0.30)</b>	(0.54)
ii) Diluted		<b>(0.30)</b>	(0.54)

As per our report of even date

For M/s. Shashank Patki & Associates  
Chartered Accountants  
Firm Registration No. 122054W

Shashank Patki  
(Partner)  
M. No. 035151

Place : Pune  
Date : 30th May 2019

For and on behalf of the Board of Directors

Ramesh R. Havele  
Managing Director  
(DIN : 00007580)

Ramesh M. Pradhan  
Chief Financial Officer

Mrs. Veena R. Havele  
Director  
(DIN : 00007593)

Mrs. Smita Mishra  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2019**

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
	Rs.	Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITY</b>		
Profit before Tax	<b>(1,65,34,252.00)</b>	(2,99,37,755.02)
<b>Adjustments for:</b>		
Depreciation and Amortisation Expenses	<b>97,92,858.68</b>	1,19,88,574.53
Provision for Diminution in Value of Investment in Subsidiaries	<b>25,000.00</b>	1,09,91,205.74
Accounts Written off and Provision for Doubtful debts	<b>8,75,098.78</b>	52,09,660.62
Interest Expenses	<b>3,04,06,887.85</b>	2,61,83,797.72
Interest Earned	<b>(4,47,793.00)</b>	(4,79,731.81)
<b>Operating profit before Working Capital changes</b>	<b>2,41,17,800.31</b>	2,39,55,751.78
<b>Adjustments for:</b>		
Trade Receivables	<b>(82,97,152.33)</b>	(45,31,197.35)
Inventories	<b>1,19,327.21</b>	(3,79,934.89)
Non-Current and Current Financial Assets	<b>1,70,94,128.64</b>	(1,10,64,480.29)
Other Non-current and current assets	<b>(2,05,12,732.38)</b>	32,16,613.44
Non-current and current financial liabilities	-	-
Other Current Liabilities	<b>16,17,139.15</b>	(2,09,071.03)
Employee benefit obligations	<b>8,56,689.00</b>	5,56,923.00
Trade payables	<b>(23,47,691.53)</b>	(4,95,203.59)
<b>Cash generated from operations</b>	<b>1,26,47,508.07</b>	1,10,49,401.07
Taxes Paid	-	-
<b>Net Cash Flow from Operating Activity</b>	<b>1,26,47,508.07</b>	1,10,49,401.07
<b>(B) CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of Fixed Assets /addition to CWIP	<b>(5,59,487.16)</b>	(16,92,819.40)
Interest Received	<b>4,47,793.00</b>	4,79,731.81
<b>Net Cash Flow from Investing Activity</b>	<b>(1,11,694.16)</b>	(12,13,087.59)
<b>(C) CASH FLOW FROM FINANCING ACTIVITY</b>		
Short term loans raised / (repaid)	<b>9,33,734.61</b>	(15,619.00)
Interest and Finance charges paid	<b>(3,78,555.00)</b>	(3,21,642.00)
<b>Net Cash Flow from Financing Activity</b>	<b>5,55,179.61</b>	(3,37,261.00)
<b>(D) NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>1,30,90,993.52</b>	94,99,052.48
Cash and Cash equivalents as at beginning of the year	<b>1,29,56,959.88</b>	34,57,907.40
Cash and Cash equivalents as at end of the year	<b>2,60,47,953.40</b>	1,29,56,959.88

As per our report of even date

For M/s. Shashank Patki & Associates  
Chartered Accountants  
Firm Registration No. 122054W

Shashank Patki  
(Partner)  
M. No. 035151

Place : Pune  
Date : 30th May 2019

For and on behalf of the Board of Directors

Ramesh R. Havele  
Managing Director  
(DIN : 00007580)

Ramesh M. Pradhan  
Chief Financial Officer

Mrs. Veena R. Havele  
Director  
(DIN : 00007593)

Mrs. Smita Mishra  
Company Secretary

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

## Statement of Changes in Equity as at March 31, 2019

Particulars	Equity Shares Capital Subscribed	Reserves and Surplus				Total Equity
		Amalgamation Reserve	Security Premium Account	Profit/(Loss) B/F	Total Reserves and Surplus	
Balance at the beginning of the year (April 1, 2018)	5,59,33,581.00	26,34,000.00	28,88,64,684.02	(18,80,23,381.79)	10,34,75,302.24	15,94,08,883.24
Add : Profit/(Loss) for the Year	-	-	-	(1,65,34,252.00)	(1,65,34,252.00)	(1,65,34,252.00)
Other Comprehensive Income for the year	-	-	-	-	-	-
Closing Balance as on March 31, 2019	5,59,33,581.00	26,34,000.00	28,88,64,684.02	(20,45,57,633.79)	8,69,41,050.24	14,28,74,631.24

## NOTE - 1 : Property, Plant and Equipment (Owned, unless otherwise Stated) and Intangible Assets

	Free Hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Sub Total (A)	Capital Work in Progress (B)	Intangible Assets - Software (C)	Total (A + B + C)
<b>Gross Block at Cost</b>									
At April 1, 2018	4,43,66,791.00	23,43,22,487.66	11,29,27,931.59	4,91,70,243.35	14,94,921.00	44,22,82,374.60	1,81,42,796.40	9,92,786.00	46,14,17,957.00
Additions	-	3,81,700.00	48,556.66	1,14,230.50	-	5,44,487.16	(35,000.00)	50,000.00	5,59,487.16
Disposals	-	-	-	-	-	-	-	-	-
At March 31, 2018	4,43,66,791.00	23,47,04,187.66	11,29,76,488.25	4,92,84,473.85	14,94,921.00	44,28,26,861.76	1,81,07,796.40	10,42,786.00	46,19,77,444.16
<b>Depreciation</b>									
At April 1, 2018	-	5,65,99,558.21	8,62,85,957.37	4,47,74,006.82	12,80,857.60	18,89,40,380.00	-	9,35,159.62	18,98,75,539.62
Charge for the Year	-	37,29,185.71	49,56,991.91	9,55,241.63	1,15,569.56	97,56,988.81	-	35,869.87	97,92,858.68
Disposals	-	-	-	-	-	-	-	-	-
At March 31, 2019	-	6,03,28,743.92	9,12,42,949.28	4,57,29,248.45	13,96,427.16	19,86,97,368.81	-	9,71,029.49	19,96,68,398.30
<b>Net Block</b>									
At March 31, 2019	4,43,66,791.00	17,43,75,443.74	2,17,33,538.97	35,55,225.40	98,493.84	24,41,29,492.95	1,81,07,796.40	71,756.51	26,23,09,045.86
At March 31, 2018	4,43,66,791.00	17,77,22,929.45	2,66,41,974.22	43,96,236.53	2,14,063.40	25,33,41,994.60	1,81,42,796.40	57,626.38	27,15,42,417.38

## Foot Notes:

- Free Hold Land includes Cost of Land Rs. 159.66 lakhs As per Clause No. 4.4.5 (b) of the Scheme of Arrangement and Amalgamation sanctioned by Hon'able High Court, Bombay dated 16th July 2009, the Company has acquired land from Dr. Laxman V. Kulkarni and allotted equity shares as a consideration for land so acquired on 30th April 2010. However, execution of the conveyance deed, payment of stamp duty and filing of return of allotment with Registrar of Companies (ROC) is pending.
- In respect of property at Ward D-9, D 0032642 the name on the property card is M/s Vedant Hotels Lt., Aurangabad (the erstwhile owner) and the formality of name change on the property card is pending.
- Capital WIP includes cost of development of land - Rs. 87.69 lakhs, various Professional Charges - Rs. 66.13 lakhs and Construction of Wall compound Rs. 26.12 lakhs for proposed Hotel project at Nande, Pune, pending since long.
- Additions to Buildings of Rs. 3.82 lakhs denotes improvements to hotel building constructed on Freehold land.
- Additions to Plant and Equipments of Rs. 0.49 lakh include other items.
- Addition to Furniture and Fixtures includes purchase of Kitchen items of Rs. 0.45 lakh and other items of Rs. 0.69 lakh.
- On transition to Ind AS, the carrying values of all the property, plant and equipment under the previous GAAP have been considered to be the deemed cost under Ind AS.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

**NOTE - 2 : INVESTMENTS**

	Face Value Rs.	As at March 31, 2019		As at March 31, 2018	
		Holding	Rs.	Holding	Rs.
<b>INVESTMENT IN EQUITY SHARES</b>					
<b>Unquoted - Others</b>					
Saraswat Co.Op.Bank Ltd.	10	2,500	25,000.00	2,500	25,000.00
<b>Total</b>	-	2,500	25,000.00	2,500	25,000.00
Less: Provision for Impairment of Investment	10	2,500	25,000.00	-	-
<b>Total</b>	-	-	-	2,500	25,000.00
<b>OTHER INSTRUMENTS</b>					
National Saving Certificate	-	-	5,000.00	-	5,000.00
<b>Total</b>	-	-	5,000.00	-	5,000.00
<b>Total Non Current Investments</b>	-	-	5,000.00	2,500	30,000.00

**Foot Notes :**

- Saraswat co. Op. Bank has assigned Term Loans account to Phoenix ARC Pvt. Ltd. As such provision for impairment of Investment is made as status of recovery of investment is not ascertainable.
- The Company has invested Rs. 5,000/- in National Saving certificate Scheme for the purpose of Bar Licence and certificate issued in the name of one of the Director of the Company as per requirement of concerned bar license authority.

**NOTE - 3 : OTHER FINANCIAL ASSETS**

	As at March 31, 2019	As at March 31, 2018
<b>(A) Non Current</b>	-	-
	-	-
<b>(B) Current</b>		
Accrued Interest	1,12,849.60	99,122.38
	1,12,849.60	99,122.38

**Foot Note:**

- Accrued interest includes of Rs. 1.11 lakhs (Previous Year Rs. 0.98 lakh) on account of interest on security deposit kept with Maharashtra State Electricity Distribution Company Limited (MSEDCL).

**NOTE - 4 : OTHER ASSETS**

	As at March 31, 2019	As at March 31, 2018
<b>(A) Other Non Current Assets</b>		
Capital Advances	3,97,60,000.00	4,09,84,634.60
Security Deposits	18,63,698.00	18,61,628.00
VAT Credit Receivable	26,29,885.56	26,29,885.56
GST Credit Receivable	24,148.86	36,229.36
	4,42,77,732.42	4,55,12,377.52

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
<b>(B) Other Current Assets</b>		
Prepaid Expenses	<b>10,66,329.87</b>	9,65,883.50
Advance to Employee	<b>72,891.00</b>	49,849.00
Loans to Employee	<b>78,260.00</b>	65,822.00
Security Deposits	<b>3,83,043.00</b>	3,83,043.00
Payment against sales tax notice - 2007-08	<b>2,02,023.00</b>	2,02,023.00
Advance to Trade Suppliers	<b>9,67,319.65</b>	4,39,735.53
Advance to Visconti Industries, Inc.	<b>36,86,655.63</b>	36,86,655.63
Advance to a Director (Ramesh R. Havele)	<b>2,08,36,128.00</b>	-
	<b>2,72,92,650.15</b>	57,93,011.66
Less: Provision for Doubtfull Recovery	<b>36,86,655.63</b>	36,86,655.63
	<b>2,36,05,994.52</b>	21,06,356.03

**Foot Note:**

- All the loans and advances are unsecured considered good, unless otherwise stated. There are no loans and advances with significant increase in credit risk, as compared to previous year.
- Capital advances includes advance given to Laxman V. Kulkarni of Rs. 391.00 lakhs in earlier years for resolving the dispute of effecting conveyance deed of the land as per the Scheme of Arrangement and Amalgamation sanctioned by Hon'able High Court, Bombay dated 16th July 2009. However, the registration of the conveyance deed is still pending therefore the amount is reported as capital advance.
- Security Deposits in Non-current assets includes Rs. 12.79 lakhs (Previous Year Rs. 12.77 lakhs) with MSIEDCL towards HT electricity line for hotel operations.
- Security Deposits in Non-current assets includes Rs. 5.00 lakhs (Previous Year Rs. 5.00 lakhs) is with Vitizen Hotels Ltd. (Operating Agency) as per term of agreement for day to day operations of the Hotel.
- VAT Credit Receivable represents Rs. 24.69 lakhs for F.Y. 2008-09 and Rs. 1.60 Lakhs for F.Y. 2007-08 and appeal is pending with Dy. Commissioner of Sales Tax, Aurangabad.
- Advance to Visconti Industires, Inc. is for mobilisation and professional fees for sourcing of funds in the form of foreign Equity and ECB. The mangement had taken possible efforts to materialise the said transactions but due to various legal issues, the Company could not execute the same till thedate of Balance Sheet. In the opinion of the management, this advance is credit impaired, provision for doubtful advances has been made therefor.
- During the previous few years, the accounts had been compiled only on the basis of the records and documents then available with the Company due to seizure of records and documents by Police authorities, partially released and most of the records having been stored in the registered office of the Company, which were taken in possession of by the Competent Authority, Pune. The books of account (financial as well as disclosure) were subject to availability of these and various other documents. Now during the year the company was successful in obtaining some of the records regarding details of some bank accounts. The entries arising out of reconciliation thereof have now been given effect to in the books. These entries made in the current year have resulted into debit balance on account of one director and is being reflected in the books as Advance to Director.

**NOTE - 5 : INVENTORIES**

	As at March 31, 2019	As at March 31, 2018
(As taken and certified by the management)		
Food and Beverages, Stores and Operating Supplies	<b>10,78,224.52</b>	11,97,551.73
	<b>10,78,224.52</b>	11,97,551.73

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**(All amounts are in Rs., unless otherwise stated)**
**NOTE - 6 : TRADE RECEIVABLES**

	As at March 31, 2019	As at March 31, 2018
<b>Unsecured</b>		
Considered Good	1,61,30,397.42	83,85,011.54
With significant increase in credit risk	5,51,766.45	-
Which are Credit impaired	-	-
	<b>1,66,82,163.87</b>	83,85,011.54
<b>Less: Provision for doubtful of recovery:</b>	<b>5,51,766.45</b>	-
	<b>1,61,30,397.42</b>	83,85,011.54

**Foot Note :**

- Trade Receivables includes debts in the ordinary course of business.
- Trade Receivables include an amount of Rs. 29,16,428.54 outstanding over six months from the date they were due for payment.

**NOTE - 7 : CASH AND BANK BALANCES**

	As at March 31, 2019	As at March 31, 2018
<b>Cash and Cash equivalents</b>		
Cash on Hand	9,88,086.00	2,76,563.90
Balances with banks in current account	2,50,59,867.40	1,26,80,395.98
	<b>2,60,47,953.40</b>	1,29,56,959.88
<b>Bank balances other than cash and cash equivalents</b>		
Earmarked balances with bank	64,92,761.79	2,39,23,949.98
	<b>64,92,761.79</b>	2,39,23,949.98

**Foot Note :**

- Term deposits with Axis Bank Ltd. of Rs. 10/- lakhs for a period of 5 years from the date of issue. After the expiry of the term, it is renewed for existing period.
- Term Deposit with Saraswat Bank of Rs. 1.29 lakhs for a period of one year from the date of issue and it is renewed after the expiry of period and the same is for the purpose of Bank Guarantee of Rs. 1/- lakh for the purpose of obtaining bar license.
- Term deposits with HDFC Bank Ltd. of Rs. 10/- lakhs is kept as lien for Over draft facility against the same.
- Term deposits with ICICI Bank Ltd. of Rs. 11.50 lakhs kept as lien for Over draft facility against the same.
- Balances with banks include an amount of Rs. 1,79,75,000/- kept in a bank account in the individual name of a director. This amount has been kept in a No Lien account as a part of the negotiations with a lender bank for One Time Settlement. This balance is also subject to confirmation, reconciliation and consequential adjustments, if any, financial implication is not ascertainable.
- Axis Bank account carries an amount of Rs. 3.25 lakhs maintained as earmarked funds
- An amount of Rs. 28.88 lakhs -Current year (Rs. 25.08 lakhs Previous year) has been reflected as Accrued Interest on the aforesaid fixed deposits included in earmarked bank balances. However Banks have given balance confirmation and or interest certificate in respect of the same, except interest certificate of ICICI Bank as such the same is accounted at original contractual rate.
- Balances with banks in respect of following bank accounts are subject to balance confirmation, reconciliation and subsequential adjustments if any:

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**(All amounts are in Rs., unless otherwise stated)**

Bank and Account number	Balance as on 31.03.2019 as per books (in Rupees)
Deutsche Bank - 000015338640019	107537.64
Idbi Bank, Pune	274090.00
Havele Ramesh R (BOM Loan Repay A/c)	17975000.00
ICICI BANK Current A/c	1317587.61

9. As per para 14 of the order dated 05.02.2019 by Additional Sessions Judge, a competent authority after attaching VITS Hotel and its Bank accounts, has taken its possession and managing its (Hotel VITS, Aurangabad) day to day affairs.

**NOTE - 8 : EQUITY SHARE CAPITAL**

	As at March 31, 2019	As at March 31, 2018
<b>(A) Authorised Share Capital</b>		
<b>Ordinary Shares:</b>		
Equity shares of Re. 1/- each with voting rights	<b>10,80,00,000.00</b>	10,80,00,000.00
<b>Preference Shares</b>		
8% Cumulative Convertible Preference Shares of Re. 1/- each	<b>5,00,00,000.00</b>	5,00,00,000.00
	<b>15,80,00,000.00</b>	15,80,00,000.00
<b>(B) Issued Share Capital</b>		
5,59,33,581 (5,59,33,581) equity shares of Re. 1/- each	<b>5,59,33,581.00</b>	5,59,33,581.00
	<b>5,59,33,581.00</b>	5,59,33,581.00
<b>(C) Subscribed and Paid Up</b>		
5,59,33,581 (5,59,33,581) equity shares of Re. 1/- each fully paid up	<b>5,59,33,581.00</b>	5,59,33,581.00
	<b>5,59,33,581.00</b>	5,59,33,581.00

**Foot Note :**

- The Company has one class of equity shares having a par value of Re. 1/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- As per Clause No. 4.4.5 (b) of the Scheme of Arrangement and Amalgamation sanctioned by Hon'able High Court, Bombay dated 16th July 2009, the Company has acquired land from Dr. Laxman V. Kulkarni and allotted 17,96,254 equity shares of Re. 1/- each (alongwith share premium of Rs. 5.94 per share) as a consideration for land so acquired on 30th April 2010. However, execution of the conveyance deed, payment of stamp duty and filing of return of allotment of shares is pending.

**(A) Authorised**

Particulars	As at 31st March 2019		As at 31st March 2018	
	Nos	Amount	Nos	Amount
Equity shares of Re. 1/- each with voting rights	<b>10,80,00,000</b>	<b>10,80,00,000.00</b>	10,80,00,000	10,80,00,000.00
8% Cumulative Convertible Preference Shares of Re. 1/- each	<b>5,00,00,000</b>	<b>5,00,00,000.00</b>	5,00,00,000	5,00,00,000.00

**(B) Issued, Subscribed & Fully Paid Up**

Particulars	As at 31st March 2019		As at 31st March 2018	
	Nos	Amount	Nos	Amount
Equity shares of Re. 1/- each with voting rights	<b>5,59,33,581</b>	<b>5,59,33,581.00</b>	5,59,33,581	5,59,33,581.00

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

**(C) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

Particulars	Equity Shares			
	As at 31st March 2019		As at 31st March 2018	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	5,59,33,581	5,59,33,581.00	5,59,33,581	5,59,33,581.00
Shares Issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>5,59,33,581</b>	<b>5,59,33,581.00</b>	<b>5,59,33,581</b>	<b>5,59,33,581.00</b>

**(D) Share Capital held by Holding Company**

Particulars	Nature of Relationship	As at 31st March 2019	As at 31st March 2018
		Nos	Nos
<b>Equity Shares:</b>			
Dhanada Holdings Pvt. Ltd.	Holding Company	3,30,91,416	3,38,15,271
<b>Total</b>		<b>3,30,91,416</b>	<b>3,38,15,271</b>

**(E) Shares in the Company held by each shareholder holding more than 5 % shares**

Name of Shareholder	Equity Shares			
	As at 31st March 2019		As at 31st March 2018	
	No of Shares held	% of holding	No of Shares held	% of holding
<b>Promoter:</b>				
Dhanada Holdings Pvt. Ltd.	3,30,91,416	59.16	3,38,15,271	60.46
Ramesh R. Havele	29,26,840	5.23	29,26,760	5.23
<b>Non-Promoter:</b>				
Laxman V. Kulkarni	63,71,692	11.39	63,71,692	11.39
<b>Total</b>	<b>4,23,89,948</b>	<b>75.79</b>	<b>4,31,13,723</b>	<b>77.08</b>

**Foot Note:**

- Fully paid up equity shares without payment in cash

Particulars	2018-19	2017-18
<b>Equity Shares</b>		
Fully Paid up pursuant to contract(s) without payment being received in cash (See note below)	46,97,133	46,97,133
Fully Paid up by way of bonus shares	Nil	Nil
Share bought back	Nil	Nil

- The Company has one class of equity shares having a par value of Re. 1/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- As per Clause No. 4.4.5 (b) of the Scheme of Arrangement and Amalgamation sanctioned by Hon'able High Court, Bombay dated 16th July 2009, the Company has acquired land from Dr. Laxman V. Kulkarni and allotted 17,96,254 equity shares of Re. 1/- each (alongwith share premium of Rs. 5.94 per share) as a consideration for land so acquired on 30th April 2010. However, execution of the conveyance deed, payment of stamp duty and filing of return of allotment of shares is pending.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

**NOTE - 9 : OTHER EQUITY**

	As at March 31, 2019	As at March 31, 2018
<b>Reserves &amp; Surplus:</b>		
Securities Premium Account	<b>28,88,64,684.02</b>	28,88,64,684.02
Revenue Reserve (Created out of Scheme of Amalgamation)	<b>26,34,000.00</b>	26,34,000.00
	<b>29,14,98,684.02</b>	29,14,98,684.02
<b>Retained Earnings:</b>		
Surplus/ (Deficit) in the Profit And Loss	<b>(18,80,23,381.79)</b>	(15,80,85,626.76)
<b>Add:</b> Current Year profits / (losses)	<b>(1,65,34,252.00)</b>	(2,99,37,755.02)
	<b>(20,45,57,633.79)</b>	(18,80,23,381.79)
Other Comprehensive Income (Net of Taxes)	-	-
Total Comprehensive Income	-	-
<b>TOTAL OTHER EQUITY</b>	<b>8,69,41,050.24</b>	10,34,75,302.24

## PURPOSE OF RESERVE

1. SECURITIES PREMIUM ACCOUNT: Securities premium is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
2. REVENUE RESERVE : The reserve is created and is to be utilised as per the Scheme of Amalgamation

**NOTE - 10 : BORROWINGS**

	As at March 31, 2019	As at March 31, 2018
<b>(A) Long term borrowings - Secured</b>		
<b>Term Loan from ARC</b>		
Phoenix ARC Pvt. Ltd. - I	<b>5,25,27,426.57</b>	4,50,29,990.91
Phoenix ARC Pvt. Ltd. - II	<b>7,51,79,626.22</b>	6,44,48,957.53
<b>Term Loan From Bank</b>		
Bank of Maharashtra	<b>8,17,21,869.48</b>	7,12,79,164.30
HDFC Bank Ltd. - Vehicle Loan	-	-
	<b>20,94,28,922.27</b>	18,07,58,112.74
Less: Current maturities of Long term borrowings (shown under Other current financial liabilities)	<b>20,94,28,922.27</b>	18,07,58,112.74
<b>(B) Long term borrowings - Unsecured</b>		
<i>Loans from Related Party</i>		
<i>Dhanada Holdings Pvt. Ltd.</i>	-	-
<b>Total Long term borrowings</b>	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
<b>Short term borrowings</b>		
<b>From Bank - Secured</b>		
Over Draft against Banks Fixed Deposit	<b>29,07,402.61</b>	13,93,103.00
Over Draft - Bank of Maharashtra	<b>80,12,247.95</b>	66,54,724.63
Current Maturities of Term Loan from Bank, (Transferred from Long Term Borrowings)	<b>20,94,28,922.27</b>	18,07,58,112.74
<b>From Bank - Unsecured</b>		
HDFC Bank Ltd.	<b>20,217.00</b>	16,910.00
<b>From Director - Unsecured</b>		
Ramesh R. Havele	-	3,33,872.00
<b>From Others - Unsecured</b>		
Sales Tax Deferment	<b>2,54,188.02</b>	5,04,188.02
<b>Total Short term borrowings</b>	<b>22,06,22,977.85</b>	18,96,60,910.39

**Foot Note :**

- Term Loan I and II from Phoenix ARC Pvt. Ltd. are secured by Mortgage of Hotel Property and hypothecation of movable of Assets and personal guarante of Directors and Corporate Guarantee of M/s. Dhanada Holdings Pvt. Ltd. and has taken symbolic possession by an assignment from Saraswat Co.Op. Bank Ltd. of all the mortgaged assets. As the Company is in default of Payments of entire outstanding amount the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 regarding recovery procedure will be applicable. Terms of Repayment - 5 years from 2009-10. Rate of Interest - 15.50% per annum. The entire outstanding balance is due for payment as there is no repayment during the year. In the absence of the statements from the lender, Interest is being accounted for at the original contractual rates.
- Term Loan from Bank of Maharashtra is secured by Mortgage of Land situated at Village Mauje Nande, Pune. Entire outstanding balance is due for payment (including interest). Bank of Maharashtra has issued notice for sale of mortgaged property under Security Interest (Enforcement) Rules, 2002. As the Company is in default of Payments of entire amount, the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 regarding recovery procedure will be applicable. Term of Repayment - 7 years from October 2012. Rate of Interest 13.75% per annum. Interest is being accounted for at the original contractual rates.
- Term Loan from Phoenix ARC Pvt. Ltd. (ARC) is secured by Mortgage of Hotel Property and hypothecation of movable assets. ARC has taken symbolic possession of these assets under an assignment from Saraswat Co-op. Bank Ltd. The ARC had approached the Sessions Court, Aurangabad for vacating the possession, of the hotel premises, taken by the Competent Authority, wherein the Additional Sessions Judge, Aurangabad has passed an order directing the Competent Authority to settle claims of ARC from the proceeds of the proposed e-Auction of the hotel property.
- Term Loan from Bank of Maharashtra is secured by Mortgage of Land situated at Village Nande, Pune and has called back entire loan outstanding amount (including interest) for which Bank of Maharashtra has issued notice for sale of mortgaged property under Security Interest (Enforcement) Rules, 2002. As the Company is in default of payments of entire outstanding amount, the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 regarding recovery procedure will be applicable.
- Overdraft from Bank of Maharashtra secured by Mortgage of Land situated at Village Nande, Pune. Entire outstanding balance is due for payment (including interest).
- Over draft facility availed from HDFC Bank Ltd. against Fixed Deposit of Rs. 10 /- lakhs.
- Over draft facility availed from ICICI Bank Ltd. against Fixed Deposit of Rs. 11.50 lakhs.
- Sales Tax deferment scheme was availed along with Special Capital Incentive scheme. Term of repayment is over a sum of Rs.2.50 lakhs is paid duringt the year and remaining amount of Rs.2.54 lkahs is still payable. However the interest is due on total amount of Rs. 21.04 lakhs which is not provided for.
- All the borrowings are subject to confirmation, reconciliation and consequential adjustments, if any. Financial implication is not ascertainable.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**
**(All amounts are in Rs., unless otherwise stated)**
**NOTE - 11 : OTHER FINANCIAL LIABILITIES**

	As at March 31, 2019	As at March 31, 2018
<b>A) Non Current financial liabilities</b>		
Payable to Dr. Laxman V. Kulkarni	<b>34,99,996.98</b>	34,99,996.98
	<b>34,99,996.98</b>	34,99,996.98
<b>B) Current financial liabilities</b>	-	-
	-	-

**Foot Note:**

- This amount is shown as payable as a part of consideration of Land acquired by the Company under the scheme of amalgamation sanctioned by Honourable High Court, Bombay dated 16th July 2009, as referred to in Note 8 (3) - Equity ShareCapital.

**NOTE - 12 : PROVISION FOR EMPLOYEE BENEFITS**

	As at March 31, 2019	As at March 31, 2018
<b>Non Current</b>		
Gratuity	<b>21,25,409.00</b>	15,88,869.00
Leave Encashment	<b>15,97,230.00</b>	12,77,081.00
	<b>37,22,639.00</b>	28,65,950.00

**Foot Note :**

- The Company has obtained Valuation of Gratuity and Leave encashment from Acturial Valuer and provisions of the same are made till the end of Financial Year 2018-19. The Company has not yet established any Gratuity Trust, hence, outstanding amount of Gratuity is not yet funded.

**NOTE - 13 : TRADE PAYABLES**

	As at March 31, 2019	As at March 31, 2018
<b>Trade Payables</b>		
Dues to Micro and Small Enterprises	<b>1,91,010.70</b>	-
Others	<b>29,55,939.36</b>	54,94,641.59
<b>Total Trade Payables</b>	<b>31,46,950.06</b>	54,94,641.59

**Foot Note :**

The amount due if any to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" is determined to the extent such parties have been identified on the basis of information received from them by the Company.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

**NOTE - 14 : OTHER CURRENT LIABILITIES**

	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Special Capital Incentive refundable due	<b>25,00,000.00</b>	25,00,000.00
Electricity Expenses Payable	<b>14,04,850.00</b>	13,59,150.00
Interest payable on Taxes	-	2,32,571.19
Expenses Payable	<b>35,576.00</b>	5,951.00
Salary & Wages Payable	<b>11,84,657.00</b>	11,01,773.00
Stipend Payable	<b>83,683.00</b>	1,47,630.00
Bonus Payable	<b>7,44,233.00</b>	38,185.00
Telephone Expenses Payable	-	10,384.82
Other Payable	<b>10,578.00</b>	18,701.00
GST Payable	<b>7,12,115.00</b>	7,83,425.56
Profession Tax Payable	<b>17,250.00</b>	17,775.00
TDS/Payable	<b>2,62,514.00</b>	2,26,072.00
VAT/CST Payable	<b>39,065.10</b>	12,355.68
ESI Payable	<b>63,278.00</b>	60,468.00
Provident Fund Payable	<b>1,89,164.00</b>	1,92,803.00
Sales Tax Payable for 1997-98, 1999-00 & 2001-02	<b>3,56,291.00</b>	3,56,291.00
Advance From Customers	<b>19,96,399.08</b>	9,18,977.78
	<b>95,99,653.18</b>	79,82,514.03

**Foot Note :**

1. Special Capital incentive Rs. 25.00 lakhs was received for construction of Hotel and term of repayment is over. Entire balance is due for repayment.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

**NOTE - 15 : REVENUE FROM OPERATIONS**

	Year ended March 31, 2019	Year ended March 31, 2018
Food & Beverage	<b>2,67,55,521.77</b>	3,37,99,882.63
Liquor Sale	<b>35,75,269.03</b>	64,06,919.10
Room Revenue	<b>7,77,60,900.58</b>	6,45,16,232.19
Banquet Sale	<b>35,02,105.71</b>	39,17,936.75
Sale of Scrap	<b>61,421.46</b>	69,314.60
Other Miscellaneous Income - Hotel Activity	<b>5,11,148.10</b>	5,87,999.18
	<b>11,21,66,366.65</b>	10,92,98,284.45

**NOTE - 16 : OTHER INCOME**

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income:		
- On Bank Fixed Deposits	<b>4,47,793.00</b>	4,79,731.81
- Other Interest	<b>14,138.00</b>	4,991.00
Creditors and Misc. balances written back	<b>10,93,129.21</b>	3,04,208.39
	<b>15,55,060.21</b>	7,88,931.20

**Foot Note:**

Interest income includes an amount of Rs. 1.13 lakhs earned from Fixed Deposit kept with ICICI Bank. On seizure of Bank Account under MPID Act, the lien has been created by bank on Fixed Deposit and interest for the Financial Year 2018-19 has not credited to the Account. The Company has made provision of interest income at the rate of Fixed Deposit kept with the Bank.

**NOTE - 17 : FOOD AND BEVERAGE CONSUMED**

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Food, Beverage Liquor Consumed:</b>		
Opening Stock	<b>11,97,551.73</b>	8,17,616.84
Add : Purchases	<b>1,38,33,149.61</b>	1,50,87,850.70
Less : Closing Stock	<b>10,78,224.52</b>	11,97,551.73
	<b>1,39,52,476.82</b>	1,47,07,915.81

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**


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**(All amounts are in Rs., unless otherwise stated)**
**NOTE - 18 : DERIVATIVE TRADING EXPENSES**

	Year ended March 31, 2019	Year ended March 31, 2018
Loss from Derivative Trading	-	7,881.00
Expenses on Derivative Trading	-	85.23
	-	7,966.23

**NOTE - 19 : EMPLOYEE BENEFITS EXPENSES**

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, Wages and Ex-gratia	<b>1,99,65,831.00</b>	1,81,95,662.00
Employers' Contributions to Provident Fund	<b>11,72,676.00</b>	11,57,104.00
Employers' Contributions to ESIC	<b>5,76,903.00</b>	5,37,090.00
Gratuity and Leave encashment	<b>10,97,660.00</b>	6,26,144.00
Staff welfare and Other expenses	<b>3,26,493.00</b>	8,93,103.97
	<b>2,31,39,563.00</b>	2,14,09,103.97

**Foot Note:**

- As per the valuation reports of Acturial Valuer, expenses of Rs. 6.02 lakhs towards Gratuity and Rs. 4.96 lakhs towards Leave encashment are recognised for the Financial Year 2018-19.
- During the year and previous year, the Company has not paid any managerial remuneration and sitting fees.

**NOTE - 20 : FINANCIAL COST**

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on Bank Overdraft	<b>17,36,078.32</b>	14,49,158.78
Interest on Term loan	<b>2,86,70,809.53</b>	2,47,34,638.94
	<b>3,04,06,887.85</b>	2,61,83,797.72

**Foot Note:**

- Interest on Bank Overdraft includes Rs. 13.58 lakhs (Previous Year Rs. 11.28 lakhs) towards provision of Interest on Bank Over draft facility availed from Bank of Maharashtra made at contractual rates.
- Interest on Term Loan includes Rs. 104.43 lakhs (Previous Year Rs. 91.08 lakhs) towards provision of Interest on term loan taken from Bank of Maharashtra made at contractual rates.
- Interest on Term Loan includes Rs. 182.28 lakhs (Previous Year Rs. 156.26 lakhs) towards provision of Interest on term loan from Phoenix ARC Pvt. Ltd. assigned to them by Saraswaat Co.Op. Bank Ltd. made at contractual rates.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rs., unless otherwise stated)

**NOTE - 21 : OTHER OPERATING AND GENERAL EXPENSES**

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Operating Expenses:</b>		
Direct Expenses	17,00,614.51	18,02,656.18
Housekeeping	1,49,185.00	1,57,520.17
Linen and Laundry	13,27,877.25	11,41,824.00
Power and Fuel	1,85,22,139.38	1,77,33,514.95
Repairs to Building	13,68,440.92	4,41,843.56
Repairs to Machinery and Others	20,38,621.81	34,60,921.19
Commission & Sales Promotion	17,60,119.65	1,100.00
Security and Labour Hire	31,52,447.59	27,60,680.10
<b>Administration and General Expenses:</b>		
Administration Expenses	94,36,528.52	87,42,821.69
Advertisement and Publicity	4,49,582.25	85,212.00
Auditors Remuneration:		
Statutory Audit Fee	3,85,000.00	3,50,000.00
Tax Audit Fee and Tax Consultancy	1,50,000.00	1,50,000.00
Amounts Written off	3,23,332.33	52,09,660.62
Provision for Doubtful Debts	5,51,766.45	-
Bank Commission and Charges	4,78,939.95	5,91,233.18
Insurance	3,27,335.00	3,39,130.00
Interest on Tax Paymets	27,833.00	1,64,614.00
Licence Fees	7,04,007.01	6,47,824.28
Printing and Stationary	2,05,956.00	2,35,251.00
Professional Fees	86,60,101.60	81,97,191.00
Rates and Taxes	3,95,602.00	13,79,765.96
Office Rent	4,32,000.00	7,20,000.00
Communication Expenses	2,36,066.29	2,64,784.85
Travelling and Lodging	1,55,396.00	1,06,740.00
	<b>5,29,38,892.51</b>	<b>5,46,84,288.73</b>

1. Professional fees includes an amount of Rs. 18,84,634.60, being bill of a concern, in which a director is interested, towards professional fees. This bill pertains to earlier year, when he was not a director of the Company.

**NOTE - 22 : EXCEPTIONAL ITEMS**

	Year ended March 31, 2019	Year ended March 31, 2018
Prior Year Expenses	-	52,117.94
Provison of Diminution in Value of Investment	25,000.00	1,09,91,205.74
	<b>25,000.00</b>	<b>1,10,43,323.68</b>

**Foot Note:**

Previous year Provison of Rs. 109.91 lakhs for diminution in the value of Investments in equity shares of subsidiary companies was made for F.Y. 2017-18 since the networth of subsidiary companies was completely eroded.

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**NOTE – 23: GENERAL INFORMATION, SIGNIFICANT ACCOUNTING POLICES AND OTHER NOTES.**

**A. General Information and Significant Accounting Policies**

**a. General Information**

- i. Dhanada Corporation Ltd. (“the Company”) was incorporated on 14<sup>th</sup> July 1986 in the state of Maharashtra, India. The Company is primarily engaged in the business of Hospitality.
- ii. The statements were authorized for issue in accordance with a resolution of the Board of Directors passed on May 30, 2019.

**b. Significant Accounting Policies:**

**1. Statement of compliance:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended March 31, 2018 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2016 and the Company restated the previous Indian GAAP accounts to Ind AS compliant accounts for the financial year ended March 31, 2017.

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company, the reconciliations of equity and total comprehensive income for comparative years under Indian GAAP to those reported for those years under Ind AS, and details of first-time adoption exemptions availed by the Company are given in the Notes Part B, herein below.

**2. Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention on accrual basis except certain financial instruments measured at fair value other than those with carrying amounts that are reasonable approximations of fair values.

**3. Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

**4. Classification of Assets and Liabilities into current and Non-current:**

The company presents its assets and liabilities in the Balance Sheet based on current/noncurrent classification;

An asset is treated as current when it is:

- a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realized within twelve months after the reporting period; or

- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is treated as current when it is:

- a) It is expected to be settled in normal operating cycle;  
 b) It is held primarily for the purpose of trading;  
 c) It is due to be settled within twelve months after the reporting period; or  
 d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. Based on the services rendered and their realizations in cash and cash equivalents, the Company has ascertained its operating cycle is 12 months for the purpose of current - non-current classification of assets and liabilities.

#### **5. Exceptional Items:**

Items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.

#### **6. Revenue Recognition:**

- a) Revenue from Hotel activity (net of Taxes) is recognized on rendering of services and billing to the customer at the rates negotiated with each customer.  
 b) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.  
 c) Income from Derivative Trading is recognized on settlement of transaction.

#### **7. Property, Plant and Equipment:**

- a. Property, Plant and Equipment are stated at cost less accumulated depreciation. The cost includes all direct costs relating to the acquisition and installation of fixed assets. Interest on borrowed funds, if any, used to finance the acquisition of fixed assets, is capitalized up to the date the assets are ready for commercial use. Under-utilized assets are recorded at estimated realizable value.  
 b. Direct expenditure during construction period attributable to the cost of assets under construction is considered as capital work in progress and indirect expenditure is included under expenditure during construction period pending allocation.  
 c. For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date ) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### **8. Intangible Assets**

- a. Intangible assets are carried at cost, net of credit availed in respect of any taxes and duties, less accumulated amortization. Computer software is classified under "Intangible Assets".  
 b. For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### **9. Depreciation and Amortization:**

The Company provides depreciation on all its assets on the Straight Line method at the rates and useful life of Assets in the manner specified in Schedule II of the Companies Act, 2013, proportionate from the date they are put to use.

**10. Investments:**

Long term investments are carried at cost, after providing for any diminution in value, if such diminution is of permanent nature. Current investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification.

**11. Provisions:**

Provisions are recognized when the Company has present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimates can be made for the amount of the obligation.

**12. Retirements Benefits:****i. Gratuity:**

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to gratuity plan are determined based on actuarial valuation carried out by independent actuary as at the Balance Sheet date.

Actuarial gains and losses are recognized in full in the Profit and Loss account for the year in which they occur.

**ii. Provident Fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary (currently at 12% of the basic salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and are charged to profit or loss account.

**iii. Leave Encashment:**

Employees are eligible for Leave Encashment. The Company has provided Leave Encashment benefit on the basis of actuarial valuation.

**iv. Employees' State Insurance Scheme (ESIS):**

Employees' State Insurance Scheme (ESIS) is the defined contribution scheme offered by the Company. The contribution to this scheme is charged to the profit or loss account of the year in which contribution to such scheme becomes due.

**13. Inventories:**

Stock of food and beverages and operating supplies are carried at weighted average cost or net realizable value whichever is lower.

**14. Research and Development:**

The Company does not have a separate Research and Development department and has not incurred any expenditure on Research and Development.

**15. Taxation on Income:**

Deferred tax resulting from timing differences between book profits and taxable profits is accounted for using the tax rates that have been enacted or substantially enacted by the Balance Sheet date to the extent such differences are reversible in subsequent period. Deferred Tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their carrying values at each Balance Sheet date.

**16. Earnings per Share:**

**a) Basic earnings per share:** Basic earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity share holders by weighted average number of equity shares outstanding during the period.

- b) **Diluted earnings per share:** Diluted earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered antidilutive in nature.

#### 17. Contingent Assets and Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity.

The Company does not recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable.

#### 18. Financial Assets:

##### Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss.

##### Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### 19. Financial liabilities:

##### Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**20. Significant accounting judgements, estimates and assumptions:**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

**B. Other Notes forming part of the Balance Sheet as at 31<sup>st</sup> March 2019 and Profit and Loss Account for the year ended on that date:**

**a. Exemptions applied**

Ind AS 101 on First Time adoption of Ind AS allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has adopted the following exemptions:

- I. Deemed cost of Property, Plant and Equipment ("PPE")/Capital Work-in-Progress ("CWIP") and Intangible Assets.

There is no change in the functional Currency of the Company and accordingly, it has elected to continue with the carrying values for all of its property, plant and equipment and intangible assets as recognized in its Indian statements as the deemed cost at the transition date. Accumulated depreciation was calculated on that amount as at the date of transition to Ind AS on the basis of the current estimate

of the useful life of the asset using the depreciation policy adopted by the company in accordance with Ind AS.

II Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the transition to Ind AS.

III. Classification and measurement of financial assets

The Company has classified the financial assets in accordance to Ind AS 109 on the basis of the facts and circumstances that exist on the date of transition to Ind AS.

b. Managerial Remuneration:

No managerial remuneration is paid or payable for the current year (Previous year: Nil).

c. C.I.F. Values of Imports and Expenditure in foreign currency: NIL

d. F.O.B value of Exports and Earning in Foreign Exchange: NIL

e. Provision for Taxation:

Current Tax: As there is no taxable income or Book Profit; provision for Income Tax has not been made.

Deferred Tax Assets are not recognized as there is no reasonable certainty of realization.

f. The outstanding balances of sundry creditors, sundry debtors, and advances (taken or given), bank current accounts, bank deposit accounts, all loan/overdrafts accounts are subject to reconciliation, confirmations and consequential adjustment if any. Financial implication is not ascertainable.

g. The Company has identified suppliers or service providers whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006" and the amount overdue at the year end is disclosed to Note No. 13 to the financial statements. Interest on these creditors have not been provided for in the books as the company is confident of waiver of such interest by these creditors.

h. Employee Benefits (As per IND AS 19):

Following information are based on report of Actuary and relied upon by the Auditors:

a. Defined benefit plans of Gratuity:

<b>Assumptions</b>	<b>As of 31.03.2019</b>	<b>As of 31.03.2018</b>
Discount Rate	<b>7.60%</b>	7.60%
Rate of increase in compensation levels	<b>10%</b>	10.00%
Expected average remaining working lives of employees (in years)	<b>9.07</b>	9.52

<b>Change in present value of obligations</b>	<b>01.04.2018 to 31.03.2019</b>	<b>01.04.2017 to 31.03.2018</b>
Present Value of Obligation as at the beginning of period	<b>15,88,869</b>	14,34,586
Interest Expenses	<b>1,18,268</b>	1,00,421
Current Service Cost	<b>2,32,492</b>	2,42,217
Benefits Paid	<b>(65,428)</b>	-
Re-measurements on obligation - (Gain) / Loss	<b>2,51,208</b>	(1,88,355)
Present Value of Obligations at the end of the period	<b>21,25,409</b>	15,88,869

<b>The Amount to recognized in the Balance Sheet</b>	<b>01.04.2018 to 31.03.2019</b>	01.04.2017 to 31.03.2018
Present Value of Obligation as at the end of the period	21,25,409	15,88,869
Fair Value of Plan Assets as at the end of the year	-	-
Surplus / (Deficit)	(21,25,409)	(15,88,869)
Current Liability	1,83,541	1,47,581
Non Current Liability	19,41,868	14,41,288
Net Asset / (Liability) Recognized in the Balance Sheet	(21,25,409)	(15,88,869)

<b>Expenses recognized in the Statement of Profit and Loss</b>	<b>01.04.2018 to 31.03.2019</b>	01.04.2017 to 31.03.2018
Service Cost	<b>2,32,492</b>	2,42,217
Interest (Income)/Expenses	<b>1,18,268</b>	1,00,421
Net periodic benefit cost recognised in the statement of profit & loss at the end of period	<b>3,50,760</b>	3,42,638

b. Employees are eligible for Leave Encashment. The Company has provided Leave Encashment benefit on actuarial value basis. The present Value of Obligation as on 31<sup>st</sup> March 2019 is Rs. 15,97,230/- (Previous Year Rs. 12,77,081/-).

c. Amount recognized as an expense in respect of defined Contribution plans are as under:

<b>Particulars</b>	<b>2018-19</b>	2017-18
Contribution to Govt. Provident Fund	<b>11,72,676</b>	11,57,104
Employees' State Insurance Scheme (ESIS)	<b>5,76,903</b>	5,37,090

i. The Company has availed Term Loan from Saraswat Co.-Op. Bank Ltd. for refurbishment of hotel and Saraswat Co.-Op. Bank Ltd. has assigned and transferred the said loan in favour of Phoenix ARC Pvt. Ltd. The entire underlying securities such as Land, Building, Plant and Machinery etc. situated at C.T.S. No. 18349/1/1+2+3 at Aurangabad are mortgaged to Phoenix ARC Pvt. Ltd. as per assignment agreement dated 9<sup>th</sup> April 2014.

j. Related Party Disclosures:

Disclosures as required under Ind AS 24 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

(Rs. In Lakhs)

Name of Party	Ramesh R. Havele	Ramesh R. Havele	Gautami R. Havele
Nature of Transaction	Unsecured Loan Taken	Advance	Salary
Opening Balance	3.34	-	0.15
Additions	0.50	208.36	1.51*
Repaid/Adjustments	3.84	-	1.66
Closing Balance – 31.03.2019	-	208.36	-

\*Net of Statutory/other deductions (Gross Salary Rs. 1.68 Lakhs)

No remuneration/sitting fees paid to the Directors of the Company. (Previous Year Rs. Nil).

k. Impairment of Fixed Assets:

The Fixed assets specifically Land, Building, and Plant and Machinery of the Company have been valued by an approved valuer at reasonable interval and there is no impairment of assets in the current year.

l. Compilation of Accounts:

Notification has been published in Official Gazette dated 7th May 2016 under Maharashtra Protection of Interest of Depositors in Financial Establishment Act, 1999 attaching the properties of the Company, its Subsidiary Companies and its Directors. The management is of prima-facie opinion that this notification is not

tenable and the Company has challenged the same before appropriate authority. On 20th December, 2016, the Police authorities have seized the records and documents of the Company, now partially released. Further, on 5th November, 2018, the Competent Authority Pune had taken possession of the registered office of the Company. Most of the records of the Company are stored in the said premises so taken possession of. The Company could get some of the records partially released. As such, the accounts have been compiled on the basis of only the information and records currently available with the Company. The impact on accounts (financial as well as disclosure) due to such non-availability of the records is not ascertainable.

The property of the Company Hotel VITS is located at Aurangabad being currently the place of business of the company. Subsequent to the Session court order by Additional Sessions Judge, Aurangabad dated 05.02.2019 the competent authority after attaching VITS Hotel has taken its possession and management of day to day affairs of the said hotel operations.

The Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad has issued notice for e-Auction of property of the Company i.e. Hotel VITS CTS No. 18349/1+2+3, Vedant Nagar, Railway Station Road, Aurangabad. The e-Auction process has been conducted on 22nd February 2019 and 8th March 2019. The e-Auction of the said property of the Company could not be materialized. The Company is taking necessary action to protect the interest of all stake holders of the Company.

**m. Provisions, Contingent Liabilities and Contingent Asset:**

**i. Contingent Liabilities and Contingent Assets:**

Contingent Liabilities and Assets not provided for	2018-19	2017-18
Contingent Liability - Income Tax	<b>3,20,10,710</b>	3,20,10,710
Contingent Assets - VAT Refund	<b>20,82,689</b>	20,82,689
Contingent Liability – Interest / Penalties on non-payment / delayed payment of statutory dues and non-compliance of legal compliance and on Sales tax deferment	<b>Not ascertained</b>	Not ascertained

In the opinion of the Management the above legal matters when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company.

- ii. There are civil and criminal cases filed against the directors of the Company. However, the matter still pending with respective courts.
- iii. The Company has defaulted in payment of statutory dues and term loan account; there may be penalties for statutory dues and related recovery actions under provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 in this respect. As financial impact is not certain the amounts are not provided in books of accounts.
- iv. Financial penalties and other such liabilities for contravention of Section 185 of Companies Act, 2013 could not be quantified.
- v. The Company has availed Bank Guarantee of Rs. 1,00,000/- from Saraswat Co-operative Bank for the purpose of Bar License.

**n. Previous year's figures are regrouped, reworked and rearranged wherever necessary.**

As per our report of even date

For and on behalf of the Board of Directors

For M/s. Shashank Patki & Associates  
Chartered Accountants  
Firm Registration No. 122054W

Ramesh R. Havele  
Managing Director  
(DIN : 00007580)

Mrs. Veena R. Havele  
Director  
(DIN : 00007593)

Shashank Patki  
(Partner)  
M. No. 035151

Ramesh M. Pradhan  
Chief Financial Officer

Mrs. Smita Mishra  
Company Secretary

Place : Pune  
Date : 30th May 2019

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# DHANADA CORPORATION LIMITED

CIN L55101PN1986PLC133909

Regd. Office: 'Dhanada', 16/6, Erandwana Housing Society, Plot No. 8, Patwardhan Baug, Pune 411004.

## Form No. MGT – 11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L55101PN1986PLC133909  
Name of the Company : DHANADA CORPORATION LIMITED  
Registered Office : 'Dhanada', 16/6, Erandwana Housing Society, Plot No. 8, Patwardhan Baug, Pune – 411004.

Name of the member(s)	
Registered Address	
E-mail Id	
Folio No. / DP ID & Client ID	

I/We, being the member (s) of \_\_\_\_\_ . shares of the above named Company, hereby appoint :

(1) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her

(2) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her

(3) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Saturday, 28<sup>th</sup> September 2019 at 4.00 p.m. at Tejas Bhavan, Tejas Society, Kothrud, Pune – 411038 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	Vote		
		For	Against	Abstain
	<b>Ordinary Business</b>			
1.	Adoption of the Audited Statement of Profit and Loss for the year ended on 31 <sup>st</sup> March 2019 and the Balance Sheet as on that date together with Report of Auditors and Directors of the Company thereon and annexures thereto.			
2.	Re-appointment of Mrs. Veena R. Havele (DIN 00007593) as a Director of the Company.			
	<b>Special Business</b>			
3.	Re-appointment of Shri. Shreeniwas G. Kale (DIN 00150957) as an Independent Director of the Company for a further term of 5 (Five) consecutive years with effect from 30 <sup>th</sup> September 2019.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re. 1

#### Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. The proxy need not be a member of the Company.
- A proxy holder may vote either for or against each resolution.









DHANADA  
DHANADA CORPORATION LTD.

FL-D2, Jaiprakash Apt.,  
S. No. 54/6, Wadgaon Budruk,  
Near Garve Hyundai, Near toll Naka, Pune - 411 041.

Email.: [dhanada@dhanadacorp.com](mailto:dhanada@dhanadacorp.com)  
Website: [www.dhanadacorp.com](http://www.dhanadacorp.com)