



**ANNUAL REPORT
2018 - 2019**

PECOS HOTELS AND PUBS LTD

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Collin Richard Timms	Chairman & Managing Director(Resigned w.e.f. 09.04.2019)
Mr. Liam Norman Timms	Whole-time Director
Mr. Jimmy Kuruvila	Executive Director & CEO
Mr. Pradosh Dhanaraj	Additional Director (Appointed w.e.f. 20.04.2019)
Ms. Olinda Timms	Non-Executive Director (Resigned w.e.f. 09.04.2019)
Ms. Nina Nayar	Non-Executive Independent Director
Mr. Lloyd John Pereira	Non-Executive Independent Director
Mr. Koilpillai Joseph Davaraj	Non-Executive Independent Director

CHIEF FINANCIAL OFFICER

Mr. Shailesh B. M.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Mala Poddar (up to 13th June 2019)

Mr. Rajiv Kumar Sharma (with effect from 29th June 2019)

COMMITTEES

1. Audit Committee

Mr. Lloyd John Pereira	: Chairman
Mr. Koilpillai Joseph Davaraj	: Member
Mr. Collin Richard Timms	: Member (Replaced by Liam Norman Timms w.e.f. 20.04.2019)

2. Nomination & Remuneration Committee

Ms. Nina Nayar	: Chairman
Mr. Koilpillai Joseph Davaraj	: Member
Mr. Lloyd John Pereira	: Member

3. Stakeholders Relationship Committee

Mr. Koilpillai Joseph Davaraj : Chairman

Mr. Lloyd John Pereira : Member

Mr. Liam Timms : Member

OTHER INFORMATION

REGISTERED OFFICE

34, Rest House Road,
Bengaluru – 560 001

CORPORATE OFFICE

No. 139, 2nd Floor,
Guardian House, Infantry Road,
Bengaluru – 560 001

BANKERS

Guardian Souharda Sahakari Bank Niyamita

LISTING:

BSE Limited-SME Platform
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

STATUTORY AUDITORS

Balakrishna & Co.
Chartered Accountants
#24, Comfort Towers, 3rd Floor,
Wilson Garden 10th Cross,
Bangalore -27

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park,

L.B.S. Marg, Vikhroli (West)

Mumbai – 400 083

Tel No : +91 22 49186270 Fax: +91 22 49186060

E-mail id : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

Contact Details for Investors:

Mr. Rajiv Kumar Sharma

Company Secretary and Compliance Officer

No. 139, 2nd Floor,

Guardian House (Gurumurthy Bhavan)

Infantry Road,

Bengaluru – 560001

Telephone: (080) 25580971

Mail Id:pecoscs2005@gmail.com

INDEX

S. No.	Particulars	Page No.
1.	Letter to Shareholders	5
2.	Route Map to the AGM	6
3.	Notice	7
4.	Directors Report	16
5.	Extract of Annual Return	25
6.	Secretarial Audit Report	37
7.	Corporate Governance	41
8.	Management Discussion and Analysis Report	54
9.	Declaration – Compliance with Code of Conduct	57
10.	CEO/ CFO Certification	58
11.	Practicing Company Secretary Certificate on Corporate Governance	59
12.	Independent Auditors Report	60
13.	Balance Sheet	71
14.	Statement of Profit and Loss	72
15.	Cash Flow Statement	73
16.	Notes forming part of Accounts	75
17.	Notes to Accounts	80
18.	Proxy Form	92
19.	Attendance Slip	95

LETTER TO SHAREHOLDERS

Dear Shareholders,

It gives me immense pleasure to place before you the 14th Annual Report of Pecos Hotels and Pubs Limited. I value this opportunity to share our perspectives regarding the work we undertook for our shareholders during 2018-19. Our objective is to guide and oversee management in the creation of long-term value through the execution of a sound business strategy, thoughtful succession planning, a commitment to corporate ethics, careful risk oversight, prudent risk management, talent development, and creating societal impact. The financial year 2018-19 was a year of consolidation for your company. The previous years were challenging for the company as we had to deal with situations such as demonetization and restrictions on conducting business on highways etc.

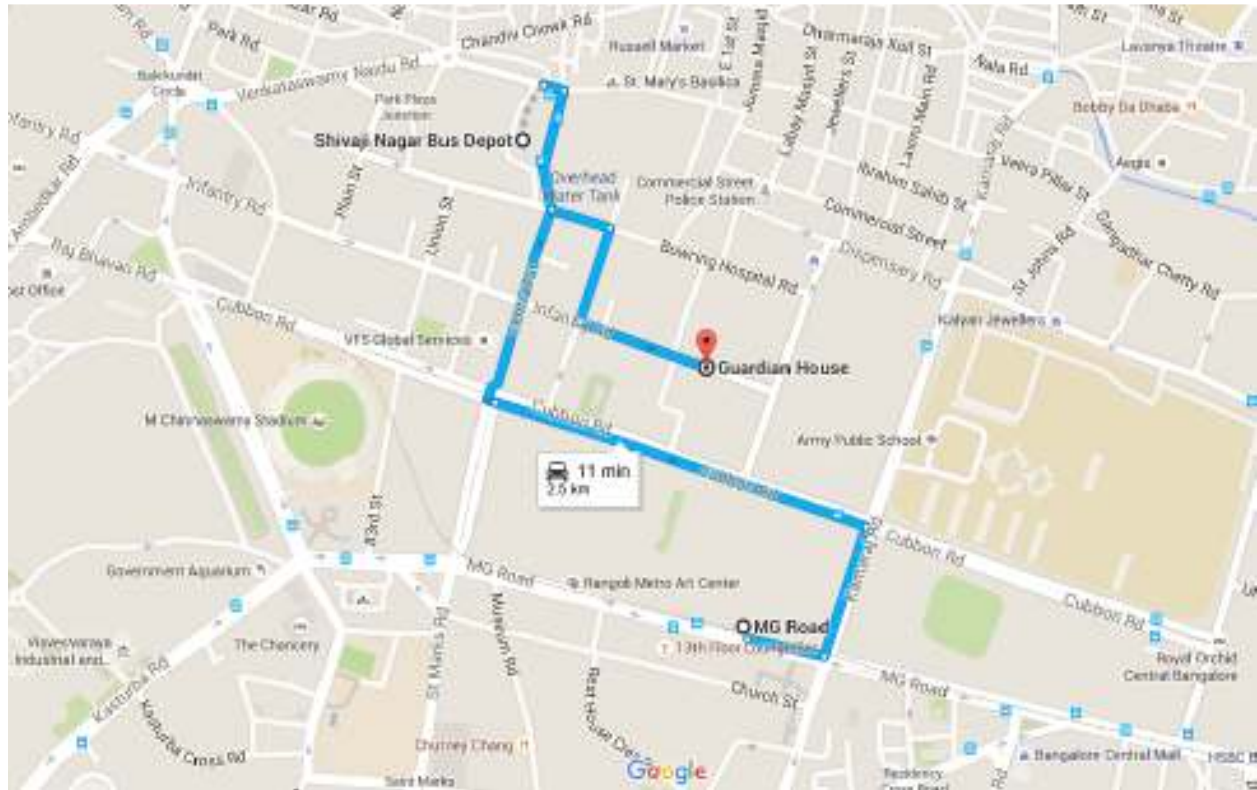
Your company has managed to emerge from those difficult times and yet posted a net profit. As our company embarks on a part to growth, we would like to ensure that the interest of our shareholders are not forgotten. For this year company is declaring a dividend policy that balances the interest of the shareholder and the growth of the company.

I wish to place on record my sincere thanks and deep appreciation to the management and staff of your company who have made this financial performance possible. I wish to also thank our consultants, vendors and clients who continue to be our partner in success.

Yours Sincerely
Liam Norman Timms
Whole Time Director
(DIN: 06453032)

ROUTE MAP

Venue: 139, 2nd Floor, Guardian House (Gurumurthy Bhavan),
Infantry Road, Bengaluru – 560001.



Landmark: Safina Plaza

Distance from **Shivaji Nagar Bus Stand:** 800m

Distance from **M.G. Road Metro Station:** 2.5 km

NOTICE CONVENING ANNUAL GENERAL MEETING

Notice is hereby given that **Fourteenth Annual General Meeting** of the Members of **Pecos Hotels and Pubs Limited** will be held on **Monday, the 29th day of July, 2019 at 11:00 A. M. at No. 139, 2nd Floor, Guardian House (Gurumurthy Bhavan), Infantry Road, Bengaluru – 560001** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at **March 31, 2019** and Statement of Profit and Loss Account for the Financial Period ended as on that date along with the Directors Report and Auditors Report thereon.
2. To declare Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year 2018-19.
3. To appoint Director in place of Mr. Jimmy Kuruvila, who retires by rotation and being eligible offers himself for re-appointment, approved by Nomination and Remuneration Committee and Board of Directors.

SPECIAL BUSINESS

4. Appointment of Mr. Pradosh Dhanaraj as an Executive Director of the Company:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), as amended or re-enacted from time to time, read with Schedule V to the Act, the Company hereby approves the appointment and terms of remuneration of Mr. Pradosh Dhanaraj (DIN 08424421) as an Executive Director of the Company for a period of Five years with effect from April 20th, 2019 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with authority to the Board of Directors or Committee of the Company to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Pradosh Dhanaraj.”

“RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby Authorized to take such steps as may be necessary, proper and expedient to give effect to this resolution.”

5. Revision in the remuneration of Mr. Jimmy Kuruvila (DIN: 07127919), Executive Director & CEO of the Company.

“RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Jimmy Kuruvila [DIN: 07127919], Executive Director & CEO of the Company.”

6. Revision in the remuneration of Mr. Liam Timms (DIN: 06453032), Whole Time Director of the Company.

“RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Liam Timms [DIN: 06453032], Whole Time Director of the Company.”

7. Revision in the remuneration of Mr. Pradosh Dhanaraj (DIN: 08424421), Executive Director of the Company.

“RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of **Mr. Pradosh Dhanaraj (DIN: 08424421)**, Executive Director of the Company.”

**By Order of the Board of Directors
For Pecos Hotels and Pubs Limited**

**Date: 29.06.2019
Place: Bengaluru**

**Rajiv Kumar Sharma
Company Secretary & Compliance Officer**

NOTES:

The Explanatory Statement pursuant to sub-section (1) of Section 102 of the Companies Act, 2013 in respect of the Special Business is annexed hereto and forms part of the Notice.

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE FOR HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument of Proxy, in order to be effective, should be deposited at the Corporate Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the Meeting. A proxy form is annexed to this report.
3. A Person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Transfer Books of the Company will remain closed from **Friday 26th, July to Monday 29th July , 2019 (both days inclusive)**
6. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares. Members can contact the Company's Registrar and Transfer Agent for assistance in this regard.
7. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members holding shares in electronic mode are requested to intimate all changes pertaining to their registered email id, bank details, mandates, nominations, etc. to their Depository Participants. Changes intimated to the Depository Participants will then be automatically reflected in the Company's record which will help the Company and its Registrar and Transfer Agents, M/s Link Intime (India) Private Limited to provide efficient and better service to the Members. Members holding shares in Physical form are requested to intimate such changes to M/s Link Intime (India) Private Limited.

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 the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Registrar and Transfer Agent.

9. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
10. Members are requested to bring their copies of the Annual Report to the Meeting.
11. The Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance by issuing circulars allowing paperless compliances by companies through electronic mode. Further, in line with recent circular issued by the Securities Exchange Board of India (SEBI) and consequent changes in the listing agreement, the Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2018-19 will also be available on the Company's website viz. www.pecospub.com.
12. The route map showing directions to reach the venue of the Meeting is annexed.
13. As per Notification issued by Ministry of Corporate Affairs, with reference to the Companies (Management and Administration) Rules, 2014, Companies covered under Chapter XB and Chapter XC as per SEBI (ICDR) Regulations, 2009 will be exempted from E-Voting provisions. Also, no such provision is available in SME Equity Listing Agreement. Company is covered under Chapter XB as it is a SME Company and listed on SME platform of BSE Limited. Therefore Company is not providing E-Voting facility to its shareholders.
14. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
15. Members eligible to receive dividend, if declared at the ensuing Annual General Meeting ("AGM") for the year ended March 31, 2019, will be paid to those Members whose names appear in the Register of Members of the Company at the end of business hours on Thursday, July 25th, 2019 after giving effect to all valid share transfers in physical/Demat mode lodged with the Company / RTA on or before Thursday, July 25th, 2019

16. Members are informed that once the unclaimed / unpaid dividend is transferred to the designated account of IEPF and shares are transferred to the Demat Account of the IEPF Authority, no claim shall lie against the Company in respect of such dividend / shares.

17. The final dividend for the year ended 31st March 2019 will be paid within prescribed limit i.e within one month of declaration of such Dividend to the shareholders whose names appear on the record date i.e 25th July, 2019.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 4:

The Board of Directors of the Company at their meeting held on April 20, 2019, subject to approval of members, appoint Mr. Pradosh Dhanaraj (DIN: 08424421) as an Additional Director of the Company on the remuneration and other terms and conditions of appointment as recommended by Nomination and Remuneration Committee of the Board. Pursuant to the Provision of section 160 (1) of the Companies Act, 2013, the tenure of Mr. Pradosh Dhanaraj as an Additional Director expires at the date of this Annual General Meeting. The Board also appointed Mr. Pradosh Dhanaraj as an Executive Director of the Company for a period of 5 years w.e.f. April 20, 2019.

Mr. Pradosh Dhanaraj is not disqualified from being appointed as a Director in terms of Section 164 of the Companies act, 2013 and has given his consent to act as Director of the Company.

The brief profile of Mr. Pradosh Dhanaraj is given below:

Mr. Pradosh Dhanaraj holds a degree in Bachelor of Science from S.V. University, Andhra Pradesh .. Mr. Pradosh gained work experience as a Manager at Fillo Hotel in Pondicherry. In 2012, he joined the company as General Manager of The Pecos Hotels And Pubs Ltd.

A highly skilled professional with expertise in strategic planning, execution, team building, operations & vendor management.

More than 20 years' experience in general and technical project management, training & development of Human resources in the hospitality industry.

Proven capability of nurturing & developing new customers through networking & socializing.

Conceptualizing & executing events for marketing & showcasing products for high visibility.

Remuneration:

(A) In case of adequate profits;

Not exceeding 10% of the net profits of the company calculated as per Section 198 of the Companies Act, 2013 and payable by way of salary /Allowances/other perquisites /benefits and /or commission, payable to all such directors as determined by the board of directors and /or Nomination and Remuneration Committee from time to time.

perquisites; bonus; allowances etc. as may be determined by the Board from time to time.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to the Executive Director remuneration by way of Salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above, subject to further approvals as required under Schedule V of the Companies Act, 2013, or any modification(s) thereto.

Except Mr. Pradosh Dhanaraj, being an appointee, none of the Director, Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution at Item No. 5 of the accompanying Notice.

Mr. Pradosh Dhanaraj is not related to any other director of the Company.

ITEM NO. 5:

Revision in the remuneration of Mr. Jimmy Kuruvila (DIN: 07127919), Executive Director & CEO of the Company.

“RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Jimmy Kuruvila [DIN: 07127919], Executive Director & CEO of the Company.”

Salary & Perquisites:

1	Basic Salary & D.A. : Rs. 81,000/- per month w.e.f. April 01,2019.
2	House Rent Allowance of Rs. 32,400/- per month w.e.f. April 01,2019.
3	Conveyance Allowance of Rs. 2,600/- per month w.e.f. April 01,2019.
4	Medical Allowance of Rs. 1,250/- per month w.e.f. April 01,2019.
5	City Compensatory Allowance of Rs. 3,000/- per month w.e.f. April 01,2019.
6	Special Allowance of Rs. 14,750/- per month w.e.f. April 01,2019.
7	Performance Incentive @ 10% of service charge collected.
8	Other benefits like Gratuity, Provident Fund, Leave etc. as applicable to the employees of the Company.

Other Terms and Conditions:

The terms and conditions of appointment of Executive Director & CEO of the Company may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

ITEM NO. 6:

Revision in the remuneration of Mr. Liam Timms (DIN: 06453032), Whole Time Director of the Company.

“RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Liam Timms [DIN: 06453032], Whole Time Director of the Company.”

Salary & Perquisites:

1	Remuneration: Rs. 50,000/- per month w.e.f. July 01,2019.
2	Other benefits as applicable to the employees of the Company.

Other Terms and Conditions:

The terms and conditions of appointment of Whole Time Director of the Company may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

ITEM NO. 7:

Revision in the remuneration of Mr. Pradosh Dhanaraj (DIN: 08424421), Executive Director of the Company.

“RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of **Mr. Pradosh Dhanaraj (DIN: 08424421)**, Executive Director of the Company.”

Salary & Perquisites:

1	Remuneration: Rs. 40,000/- per month w.e.f. April 01,2019.
2	Travel Allowance: Rs. 2,500/- per month w.e.f. April 01,2019.
3	Other benefits as applicable to the employees of the Company.

Other Terms and Conditions:

The terms and conditions of appointment of Executive Director of the Company may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

**By Order of the Board of Directors
For Pecos Hotels and Pubs Limited**

Date:29.06.2019
Place: Bengaluru

Rajiv Kumar Sharma
Company Secretary & Compliance Officer

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

Name of Director	Mr. Pradosh Dhanaraj	Mr. Jimmy Kuruvila
DIN	08424421	07127919
Date of Birth	15/08/1977	11/10/1977
Date of Appointment	20/04/2019	18/08/2018
Expertise in Specific Functional Areas	<ul style="list-style-type: none"> • Business Development • Re-engineering of systems and Processes 	<ul style="list-style-type: none"> • Hotel Management • Food & Beverage Operations • Business Administration
Qualification	<ul style="list-style-type: none"> • Bachelor of Science (S.V University) 	<ul style="list-style-type: none"> • Diploma in Hotel Management & Catering technology
No. of shares held in the Company	3000	NIL
Directorship held in other Public companies	NA	NA
Membership/ Chairmanships of Committees of other Public Company (includes only Audit Committee and Shareholders Relationship Committee)	NA	NA

Except Mr. Collin Richard Timms, Ms. Olinda Timms, Mr. Pradosh Dhanaraj and Mr. Liam Norman Timms, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the **14th Annual Report** and the Company's Audited Accounts for the Financial Year ended **March 31, 2019**.

1. FINANCIAL RESULTS:

	(₹ in lakhs)	
Particulars	2018-2019	2017-2018
Revenue from Operations	747.88	663.68
Other Income	4.00	0.98
Total Revenue	751.88	664.66
Less: Total Expenses	693.12	636.60
Profit before tax	58.76	28.07
Tax Expenses	17.99	12.03
Profit after tax	40.77	16.04
Earning per equity share- Basic & Diluted	3.11	1.22

2. DIVIDEND:

The Management is happy to announce a modest Dividend of Rs. 1 per share i.e 10% on shares of face value of Rs 10 Each.

3. REVIEW OF OPERATIONS:

During the year under review, Revenue from Operations of the Company was ₹ 747.88 Lakhs as compared to ₹ 663.68 Lakhs in the corresponding previous year. The Company earned a profit after tax of ₹ **40.77** lakhs as compared to ₹ 16.04 lakhs in the previous year. The Company's reserve and surplus increased from ₹ 262.12 Lakhs to ₹ 296.55 Lakhs.

4. DEPOSITS:

Your Company has not accepted any deposits within the meaning of section 73 of the Companies, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

5. SHARE CAPITAL:

At present, the Company has only one class of shares – equity shares with face value of Rs. 10 each. The paid up share capital of the Company is Rs. 130.98 Lacs. Divided into 13,09,875 equity shares of Rs. 10/- each

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

6. SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES:

As on date the Company does not have any subsidiary, joint venture or associate company.

7. CHANGES IN NATURE OF BUSINESS:

There is no significant change made in the nature of the company during the financial year.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Details of Loans, guarantees or Investments, if any, covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

9. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS:

No such orders have been passed by the Regulators/ Courts or Tribunals which can impact the going concern status and company's operation in future.

10. DETAILS OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) Conservation of Energy:

The Company requires energy for the purpose of general lighting , adequate measures for the conservation of energy are being undertaken by the Company through the exercise of general checks and controls.

(b) Research and Development:

The company has made efforts to develop food preparation practices that minimize the use of energy

(c) Technology Absorption, Adaption and Innovation:

(i) Efforts made:

The company has implemented food preparation techniques of the highest standard and proper storage facility to control the wastage of raw materials and semi prepared food and also efforts are made to develop the process that reduce energy consumptions.

(ii) Benefits derived as a result of above efforts:

The above efforts resulted in client enjoying a better quality product that is delivered to them quicker and also resulted in reduction of cost of production and enhancing higher margin.

(d) Foreign Exchange Earnings and outgo:

Your company does not have any foreign exchange earnings and outgo during the year under review.

11. EXTRACTS OF ANNUAL RETURN:

The extracts of Annual Return to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in MGT-9 is attached herewith as **Annexure I**.

12. RISK MANAGEMENT:

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring of the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks on the operations of the Company. In the opinion of the Board there are no risks which would threaten the existence of the Company.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors of your Company has varied executive and non-executive directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Jimmy Kuruvila (DIN: **07127919**) retires by rotation at the ensuing Annual General Meeting and being eligible in terms of Section 164 of the Act offers himself for re-appointment.

Ms. Mala Poddar, Company Secretary & Compliance Officer of the Company has resigned with effect from 13th June 2019. The Board placed on record its appreciation for the assistance and guidance provided by Ms. Mala Poddar during his tenure as the Company Secretary & Compliance Officer of the Company.

The Board has appointed Mr. Rajiv Kumar Sharma as Company Secretary and Compliance Officer of the Company w.e.f. 29th June, 2019.

Mr. Pradosh Dhanaraj was appointed as an Additional Director of the company with effect from 20th April 2019 for a period of five years subject to the approval of shareholders at the ensuing Annual General Meeting. The resolutions seeking approval of the Members for the appointment of Mr. Pradosh Dhanaraj have been incorporated in the notice of the forthcoming Annual General Meeting of the Company along with brief details about him.

As required under Section 203 of the Companies Act, 2013, the Company has, Mr. Jimmy Kuruvila, Director & Chief Executive Officer, Mr. Liam Norman Timms, Whole-time Director Mr. Shailesh B. M., Chief Financial Officer and Mr. Rajiv Kumar Sharma as Company Secretary under Key Managerial Personnel of the Company.

14. DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to provisions of Section 149 of the Companies Act, 2013, Ms. Nina Nayar, Mr. Koilpillai Joseph Davaraj and Mr. Lloyd John Pereira were appointed as an Independent Directors at the Extra-ordinary General Meeting of the Company held on March 25, 2015. The terms and condition of appointment of Independent Directors are as per Schedule IV of the Companies Act, 2013. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

15. MEETING OF BOARD OF DIRECTORS:

During the year under review, 5 Board Meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013

SR.NO	Date on which board Meetings were held
1	16-April -2018
2	29-May-2018
3	18-August-2018
4	25- October -2018
5	05-January-2019

16. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its Responsibility Statement:

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. 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 31st March, 2019 and of the profit and loss of the company for that period;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The directors had prepared the annual accounts on a going concern basis;
- v. The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi. 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.

17. CORPORATE SOCIAL RESPONSIBILITY:

Since the Company's Net worth does not exceed ₹ 500 crores or the Company's turnover does not exceed ₹ 1000 crores or the Company's Net Profit does not exceed ₹ 5 Crores for any Financial Year, the provisions of section 135 of the Companies Act, 2013 are not applicable.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 of the Companies Act, 2013 is furnished in form AOC-2 is attached herewith as **Annexure II**.

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

No cases filed during the financial year and their disposal under the Act.

20. VIGIL MECHANISM POLICY

Your Company has established a reputation for conducting business with integrity and has zero tolerance for any act /form of unethical behavior. In view of this, The Audit Committee of the Board oversees the functioning of this policy. Details of this policy is available on the company's website at www.pecospubs.com

21. AUDITORS:

Pursuant to provisions of section 139 of the Companies Act, 2013 and the rules framed there under, M/s Balakrishna & Co., Chartered Accountants were appointed as Statutory Auditors of the company at the Extraordinary General Meeting of the company held on 29th March 2018 subject to approval by the shareholders at the Annual General Meeting held on 24th September, 2018 of the Company for a term of five consecutive years. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

22. AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT

The auditors' report and secretarial auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as an **Annexure III** which forms part of this report.

23. CORPORATE GOVERNANCE

The Company has taken adequate steps to adhere to all the stipulations laid down under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance included as a part of this Annual Report is given in **Annexure-IV**.

Certificate from the Practicing Company Secretary of the company confirming the compliance with the conditions of Corporate Governance as stipulated under the SME Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Annual Report.

24. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report is given as an **Annexure V** which forms part of this report.

25. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in operation was observed.

26. BOARD EVALUATION:

The Board has carried out an evaluation of its own performance, the directors individually as well as the working of its Committees.

27. USE OF PROCEEDS:

The proceeds from the Issue of the Company stated in the Prospectus/ Offer Document has been fully utilized for the purpose for which they were raised and there is no deviation in the utilization of proceeds.

28. DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER / PARTICULAR OF EMPLOYEES:

The information required under section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year:**

Name of the Directors	Ratio to median remuneration
Executive Directors	
Mr. Collin Richard Timms	1.60:1
Mr. Liam Norman Timms	2.69:1
Mr. Jimmy Kuruvila	12.66:1

For this purpose, sitting fees paid to the directors has not been considered as Remuneration.

- b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year: NIL

Name	Designation	% Increase/Decrease
Mr. Collin Richard Timms	Managing Director	-
Mr. Liam Norman Timms	Whole-time Director	-
Mr. Jimmy Kuruvila	Director & CEO	-
Ms. Mala Poddar	Company secretary & Compliance officer	20%

- c. the percentage increase in the median remuneration of employees in the financial year: NIL
- d. the number of permanent employees on the rolls of company: 23
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NIL
- f. The key parameters for any variable component of remuneration availed by the directors: Not Applicable
- g. Affirmation that the remuneration is as per the remuneration policy of the company:

The Company affirms remuneration is as per the remuneration policy of the Company.

29. ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledges the assistance and co-operation received from the Banks and all statutory and non statutory agencies for their cooperation. The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company.

The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

For and on behalf of the Board

Liam Norman Timms
Whole Time Director
(DIN: 06453032)

Date: 29.06.19
Place: Bengaluru

ANNEXURE I

Form No.MGT-9

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
31ST MARCH, 2019**

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L55101KA2005PLC035603
ii.	Registration Date	14/02/2005
iii.	Name of the Company	PECOS HOTELS AND PUBS LIMITED
iv.	Category/Sub-Category of the Company	Company limited by shares Indian Non-Government Company
v.	Address of the Registered office and contact details	# 34, Rest House Road, Bangalore, Karnataka- 560001
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Meal serving services with full restaurant services	99633101	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
NOT APPLICABLE					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2018				No. of Shares held at the end of the year i.e., 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	779997	0	779997	59.5474	779997	0	779997	59.5474	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	70875	0	70875	5.4108	70875	0	70875	5.4108	0
e) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub- total (A)(1)	850872	0	850872	64.9582	850872	0	850872	64.9582	0
2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter and Promoter Group (A)	850872	0	850872	64.9582	850872	0	850872	64.9582	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt (s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0

Pecos Hotels and Pubs Limited
Annual Report 2018-19

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2018				No. of Shares held at the end of the year i.e., 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	0	0	0	0	0	0	0	0	0
2. Non Institutions									
a) Bodies Corporate	68000	0	68000	5.1913	58000	0	58000	4.4279	(0.7634)
b) Individuals:									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	139003	0	139003	10.6119	147003	0	147003	11.2227	0.6108
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	207000	0	207000	15.8030	214000	0	214000	16.3374	0.5344
c) Others (Specify)	0	0	0	0	0	0	0	0	0
(i) HUF	28000	0	28000	2.1376	29000	0	29000	2.2140	0.0764
(ii) Clearing Member	17000	0	17000	1.2978	11000	0	11000	0.8398	(0.4580)
Sub-total (B)(2)	459003	0	459003	35.0417	459003	0	459003	35.0417	0.0000
Total Public Shareholding (B)=(B)(1)+ (B)(2)	459003	0	459003	35.0417	459003	0	459003	35.0417	0.0000
TOTAL (A) + (B)	1309875	0	1309875	100.00	1309875	0	1309875	100.00	0.0000
C. Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
GRAND TOTAL (A) + (B) + (C)	1309875	0	1309875	100.00	1309875	0	1309875	100.00	0

ii) Shareholding of Promoters (including Promoter Group)

S. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Collin Richard Timms	464995	35.4992	0	464995	35.4992	0	0.0000
2.	Olinda Timms	315000	24.0481	0	315000	24.0481	0	0.0000
3.	Delfin International Limited	70875	5.4108	0	70875	5.4108	0	0.0000
4.	Liam Timms	1	0.0001	0	2	0.0002	0	0.0001
5.	Sabina Timms	1	0.0001	0	0	0.0000	0	(0.0001)
Total		850872	64.9583	0	850872	64.9583	0	0

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

Sl. No.	particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Liam Timms				
	At the beginning of the year	1	0.0001	1	0.0001
	Increase in Share holding during the year: Transfer of share on 08.01.2019	1	0.0001	1	0.0001
	At the End of the year	2	0.0002	2	0.0002
2	Sabina Timms				
	At the beginning of the year	1	0.0001	1	0.0001
	Decrease in Share holding during the year: Transfer of share on 08.01.2019	1	0.0001	1	0.0001
	At the End of the year	0	0.0000	0	0.0000

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

Sr. No.	Name of Shareholder	Particulars	Date	Reason	Shareholding		Cumulative shareholding during the year	
					No. of Shares	% of total shares	No. of Shares	% of total shares
1	MAYURBHAI INDRAKANT KAMDAR	At the beginning of the year	01.04.2018	-	0	0.0000	0	0.0000
		Changes during the year	29.03.2019	-	45000	3.4354	45000	3.4354
		At the end of the year	31.03.2019	-	45000	3.4354	45000	3.4354
2	DINESH KAUSHIK	At the beginning of the year	01.04.2018	-	30000	2.2903	30000	2.2903
		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019	-	30000	2.2903	30000	2.2903
3	SMITA JAIN	At the beginning of the year	01.04.2018	-	30000	2.2903	30000	2.2903
		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019	-	30000	2.2903	30000	2.2903
4	PALASH TYAGI	At the beginning of the year	01.04.2018	-	30000	2.2903	30000	2.2903

		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019	-	30000	2.2903	30000	2.2903
5	DIPAK SEN	At the beginning of the year	01.04.2018	-	27000	2.0613	27000	2.0613
		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019	-	27000	2.0613	27000	2.0613
6	ARUN KUMAR JAIN	At the beginning of the year	01.04.2018	-	27000	2.0613	27000	2.0613
		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019	-	27000	2.0613	27000	2.0613
7	SANTOSH KUMAR AGARWAL	At the beginning of the year	01.04.2018	-	15000	1.1451	15000	1.1451
		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019		15000	1.1451	15000	1.1451
8	SAILESH KUMAR DAGA	At the beginning of the year	01.04.2018	-	10000	0.7634	10000	0.7634

		Changes during the year	-	-				
			13.04.2018	PURCHASE	1000	0.0764	11000	0.8398
			20.07.2018	PURCHASE	1000	0.0763	12000	0.9161
			30.03.2019	PURCHASE	1000	0.0764	13000	0.9925
		At the end of the year	31.03.2019	-	13000	0.9925	13000	0.9925
9	GANNAYAK SALES PRIVATE LIMITED	At the beginning of the year	01.04.2018	-	6000	0.4581	6000	0.4581
		Changes during the year	29.09.2018	PURCHASE	6000	0.4581	12000	0.9161
			26.10.2018	SALE	(12000)	(0.9161)	0	0.0000
			31.12.2018	PURCHASE	12000	0.9161	12000	0.9161
		At the end of the year	31.03.2019	-	12000	0.9161	12000	0.9161
10	STAR FINCAP PRIVATE LIMITED	At the beginning of the year	01.04.2018	-	12000	0.9161	12000	0.9161
		Changes during the year	-	-	-	-	-	-
		At the end of the year	31.03.2019	-	12000	0.9161	12000	0.9161

*Shareholding is consolidated based on Permanent Account Number (PAN) of the Shareholder.

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Collin Richard Timms	464995	35.4992	464995	35.4992
2.	Ms. Olinda Timms	315000	24.0481	315000	24.0481
3.	Mr. Liam Norman Timms	1	0.0001	2	0.0002

VI. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	4133644	0	4133644
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	4133644	0	4133644
Change in Indebtedness during the financial year				
- Addition	0	0	0	0
- Reduction	0	(4063741)	0	(4063741)
Net Change	0	(4063741)	0	(4063741)
Indebtedness at the end of the financial year				
i) Principal Amount	0	69903	0	69903
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	69903	0	69903

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in lakhs)

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Collin R Timms Chairman & MD)	Mr. Liam Norman Timms Whole-time Director	Jimmy Kuruvila,ED (with effect August 18 th , 2018)	
	Gross salary				
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.50	4.20	13.75	20.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - others, specify	0	0	0	0
5.	Others, please specify	0	0	5.99	5.99
6.	Total (A)	2.50	4.20	19.74	26.44
7.	Ceiling as per the Act	0	0	0	0

B. Remuneration to directors:(Sitting Fees)

S. No.	Particulars of Remuneration	Director				Total Amount
		Lloyd John Pereira	Koilpillai Joseph Davaraj	Nina Nayar	Olinda Timms	
1.	<u>Independent Directors</u>					
	•Fee for attending board committee meetings	11250	11250	6750	0	29250
	•Commission	0	0	0	0	
	•Others, please specify	0	0	0	0	0
	Total (1)	11250	11250	6750	0	29250
2.	<u>Other Non-Executive Directors</u>					
	•Fee for attending board committee meetings	0	0	0	6000	6000
	•Commission					0

	•Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	6000	6000
3.	<u>Other Executive Directors</u>	Collin Richard timms	Liam Norman Timms	Jimmy Kuruvi la		
		6750	4500	3000		14250
	Total (B)=(1+2+3)					
	Total Managerial Remuneration/Sitting Fees	0	0	0	0	49500
	Overall Ceiling as per the Act	0	0	0	0	0

C. Remuneration to Key Managerial Personnel Other Than MD / Manager/ WTD:
(in lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act,1961	3.13	0	3.13
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as % of profit	0	0	0
	-others, specify...	0	0	0
5.	Others, specify	0	2.62	2.62
	Total	3.13	2.62	5.75

VIII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made. If any (give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
-	-	-	-	-	-

B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE II

FORM AOC – 2 (Pursuant to clause (h) of sub section 3 of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis –
Not Applicable
2. Details of material contracts or arrangements or transactions at arm's length basis.

Name of the Related Parties	Mr. Collin Richard Timms & Ms. Olinda Timms
Nature of Relationship	Director and Promoter of the Company
Nature of contracts/ arrangements/ transactions	Leasing of Property
Duration of contracts/ arrangements/ transactions	36 months from February 01, 2018
Salient terms of contract/ arrangements/ transactions including the value, if any.	Not Applicable
Value of contracts/ arrangements/ transactions	₹ 143880 pm
Date of approval by Board	-

ANNEXURE III

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2019.

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

To,
The Members,
Pecos Hotels and Pubs Limited
CIN: L55101KA2005PLC035603
No: 34, Rest House Road, Bangalore (KA) 560001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pecos Hotels And Pubs Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended **31st 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial Year ended **31st 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. 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 [**Not Applicable as the Company has not made any Foreign exchange during the period under review**]
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI' Act):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Share 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 (Issue of Capital Disclosure Requirements) Regulations, 2009 [**Not Applicable as the Company has not issued any further share capital during the period under review**];
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008 [**Not Applicable as the Company has not issued and listed any debt securities during the financial year under review**];
 - f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [**Not Applicable as there was no reportable event during the period under review**];
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [**Not Applicable as there was no reportable event during the period under review**];

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

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- ii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into by the Company with BSE Limited (SME Platform);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc;

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. 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 seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- All the decisions of the Board and Committees thereof were carried out with requisite majority;

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:-

- As informed, the company has responded appropriately to notices received from various statutory/ regulatory authorities including initiating actions for corrective measures, wherever found necessary.

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

For,
Vinay Agrawal & Associates,
(Company Secretaries)

Vinay Mangal Agrawal
(Proprietor)
M. No. : A45715
COP No.: 16680

Date: 04.07.2019
Place: Raipur
Encl: Annexure A

Annexure A

To
The Members
Pecos Hotels and Pubs Limited

Our Secretarial Audit Report for the financial year 2018-19 is to read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. 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.
6. We have not verified the correctness and appropriateness of financial records and books of account of the Company.

For,
Vinay Agrawal & Associates,
(Company Secretaries)

Vinay Mangal Agrawal
Proprietor
M. No. : A45715, COP No.: 16680
Date: 04.07.2019
Place(Raipur)

CORPORATE GOVERNANCE REPORT

On September 2, 2015, The Securities and Exchange Board of India (SEBI) had notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 replacing the erstwhile Listing Agreement, effective from December 1, 2015. The new Listing Agreement is aimed at consolidating and streamlining the provisions of existing listing agreements for different segment of the capital markets.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. The Company's has been diligently developing best practices to ensure its responsibility to the stakeholders.

The Company believes that good corporate governance practices help to enhance performance and valuation of the Company. The Company also respects the right of its shareholders to information on the performance of the Company and considers itself as trustee of its shareholders.

I. BOARD OF DIRECTORS

The Board of Directors consists of optimum combination of Executive Directors, Non- Executive Directors, Independent Directors and Women Directors.

• Composition of Board of Directors:

The Composition of Board of Directors is as follows:

S. No.	Name of Director	Category
1.	Mr. Collin Richard Timms	Chairman & Managing Director(Resigned w.e.f. 09.04.2019)
2.	Mr. Liam Norman Timms	Whole-time Director
3.	Mr. Jimmy Kuruvila	Executive Director & CEO
4.	Mr. Pradosh Dhanaraj	Additional Director (Appointed w.e.f. 20.04.2019)
5.	Ms. Olinda Timms	Non-Executive Director (Resigned w.e.f. 09.04.2019)
6.	Ms. Nina Nayar	Non-Executive Independent Director
7.	Mr. Koilpillai Joseph Davaraj	Non-Executive Independent Director
8.	Mr. Lloyd John Pereira	Non-Executive Independent Director

• **Number of Board Meetings in the year:**

The Board of Directors met 5 times during the financial year 2018-19. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. The dates of the Board meetings held are as follows:

Sr. No.	Date on which Board Meetings were held
1.	16-April -2018
2.	29-May-2018
3.	18-August-2018
4.	25-October-2018
5.	05-January-2019

• **Attendance of Directors at Board meetings held in the previous year is as follows:**

S. No.	Name of Director	Category of Director	No. of Board Meetings Attended	Attendance at the Last AGM	No. of Directorships in other Public Companies	No. of Committee/ Membership in which he/she is a Member or Chairperson
1.	Mr. Collin Richard Timms	Managing Director	5	YES	1	1
2.	Mr. Liam Norman Timms	Whole-time Director	5	YES	1	1
3.	Mr. Jimmy Kuruvila	Executive Director	1	YES	None	None
4.	Ms. Olinda Timms	Non- Executive Director	4	YES	None	None
5.	Ms. Nina Nayar	Independent Director	5	YES	1	1
6.	Mr. Koilpillai Joseph Davaraj	Independent Director	5	YES	None	3
7.	Mr. Lloyd John Pereira	Independent Director	5	YES	None	3

• **Disclosure of relationship between Directors:**

Mr. Collin Richard Timms and Ms. Olinda Timms are related to each other as Husband and Wife. Mr. Liam Norman Timms is Son of Mr. Collin Richard Timms and Ms. Olinda Timms. Except the above stated none of the directors are related to each other.

• **Shares held by Non- executive Directors as on 31st March, 2019:**

S. No.	Name of Director	No. of Shares held
1.	Ms. Olinda Timms	315000

• **Independent Directors Meeting:**

In Compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015; the Independent Directors Meeting of the Company was held on 20th March, 2019.

II. AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee consisting of 3 Directors, out of which 2 are Non – Executive Independent Directors.

• **No. of Meetings held:**

During the year 4 Audit Committee meetings were held i.e., on 29.05.2018, 16.08.2018, 25.10.2018 and 04.02.2019.

• **Composition of Audit Committee:**

S. No.	Name	Designation	Position in Committee	No. of Meetings Attended
1.	Mr. Lloyd John Pereira	Non – Executive Independent Director	Chairman	4
2.	Mr. Collin Richard Timms	Managing Director	Member	4
3.	Mr. Koilpillai Joseph Davaraj	Non – Executive Independent Director	Member	4

The Company Secretary acts as the Secretary of the Committee.

• **Role of the Audit Committee:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly and annual financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

9. Discussion with internal auditors on any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism/Vigil Mechanism Policy.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. Of the candidate.
15. To overview the Vigil Mechanism of the Company and take appropriate actions in case of repeated frivolous complaints against any Director or Employee.

III. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board of Directors of the Company has constituted Stakeholders Relationship Committee consisting of 3 Directors, 2 of whom are Non-Executive Independent Directors.

• Number of Meetings held:

During the year 2 Stakeholders Relationship Committee meetings were held i.e., on 17.05.2018 and 26.11.2018.

Composition of Shareholders Relationship Committee:

S. No.	Name	Designation	Position in Committee	No. of Meetings Attended
1.	Mr. Koilpillai Joseph Davaraj	Non – Executive Independent Director	Chairman	2
2.	Mr. Lloyd John Pereira	Non – Executive Independent Director	Member	2
3.	Mr. Liam Norman Timms	Whole-time Director	Member	2

The Company Secretary shall act as a Secretary to the Stakeholders Relationship Committee.

• **Terms of reference:**

1. Redressal of shareholders'/investors 'complaints;
2. Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
4. Non-receipt of declared dividends, balance sheets of the Company; and
5. Carrying out any other function as prescribed under the Listing Agreement.

• **Name, Designation and Address of Compliance Officer:**

Mr. Rajiv Kumar Sharma
Company Secretary and Compliance Officer
No. 139, 2nd Floor,
Guardian House (Gurumurthy Bhavan)
Infantry Road,
Bengaluru – 560001
Telephone: (080) 25580971

• **Details of Investors Complaints:**

During the year no complaints were received from investors, which were not replied/resolved to the satisfaction of the investors and none of the complaints is pending as on date.

There was no request for Share Transfer and Dematerialization pending as on March 31, 2019.

IV. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Nomination and Remuneration Committee consisting of 3 Directors, all of whom are Non-Executive- Independent Directors.

• **No. of Meeting held during the year:**

During the year one Nomination and Remuneration Committee was held on 01.08.2018.

• **Composition of Nomination and Remuneration Committee:**

S. No.	Name	Designation	Position in Committee	No. of Meetings Attended
1.	Ms. Nina Nayar	Non – Executive Independent Director	Chairman	1
2.	Mr. Koilpillai Joseph Davaraj	Non – Executive Independent Director	Member	1
3.	Mr. Lloyd John Pereira	Non – Executive Independent Director	Member	1

The Company Secretary shall act as a Secretary to the Nomination and Remuneration Committee.

• **Terms of Reference:**

1. The Committee to identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
2. Recommend to the Board their appointment and removal,
3. Carry out evaluation of every director's performance.
4. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
5. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
7. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
8. To be authorized at its duly constituted meeting to determine on behalf the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/Executive Directors, including pension rights and any compensation payment;

9. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

• **Details of Remuneration to Directors during the year 2018-19:**

Name of Director	Yearly Remuneration (Rs. in Lakhs)
Mr. Collin Richard Timms	2.50
Mr. Liam Norman Timms	4.20
Mr. Jimmy Kuruvila	19.74
Total	26.44

V. GENERAL BODY MEETINGS:

• **Annual General Meeting ("AGM"):**

Financial Year	Date	Time	Venue
2013-14	29 th September, 2014	12:00 P.M.	No. 189/1, 1 st , 2 nd , 3 rd and 4 th Floor, Brigade Road, Bengaluru, Karnataka - 560001
2014-15	7 th August, 2015	11:30 A.M.	
2015-16	24 th September, 2016	11.A.M.	At No. 139, 2 nd Floor, Guardian House (Gurumurthy Bhavan), Infantry Road, Bengaluru - 560001
2016-2017	30 th September, 2017	11A.M	At No. 139, 2 nd Floor, Guardian House (Gurumurthy Bhavan), Infantry Road, Bengaluru - 560001
2017-18	24 th September, 2018	11:00 A.M.	At No. 139, 2 nd Floor, Guardian House (Gurumurthy Bhavan), Infantry Road, Bengaluru - 560001

• **Special Resolution:**

No special resolution was passed by the Company in any of its previous Three AGMs.

• **Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern.**

During the year under review, no special resolution has been passed through the exercise of postal ballot.

- **Details of special resolution proposed to be conducted through postal ballot:**

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on July 29, 2019.

VI. MEANS OF COMMUNICATION:

Financials, Shareholding Pattern, Notices and other information is regularly been updated on the website of the Company i.e. www.pecoshotels.com and also on the BSE SME website.

Shareholders who are eligible to receive Notice of Annual General Meeting and Annual report is been provided with the same through electronic means (E-mail) and those whose E-mail is not registered are being provided physical copy.

VII. GENERAL SHAREHOLDER INFORMATION:

- **Annual General Meeting for the Financial Year 2018-19:**

Date : 29th July, 2019
Day : Monday
Time : 11:00 A.M.
Venue : #139, 2nd Floor,
Guardian House (Gurumurthy Bhavan),
Infantry Road,
Bengaluru – 560001

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on July 29, 2019.

- **Financial Year:**

The Financial year of the company is for period of 12 months from 1st April to 31st March. The financial result of the company will be declared as per the following schedule:

Particulars	Tentative schedule
Half yearly unaudited Results	Within 45 days from 30 th September, of the said FY
Annual audited Result	Within 60 days from 31 st March of the said FY

• **Dividend Payment:**

The Board of Directors of the company has recommended a modest dividend of Rs. 1 per share i.e. is 10% on shares of face value of Rs 10 each, for the financial year ended on 31st March, 2019.

The Company provides the facility of payment of dividend to the shareholders by directly crediting the dividend amount to the shareholder's Bank Account. Members are therefore urged to avail of this facility to ensure safe and speedy credit of their dividend into their Bank account through the Banks' Automated Clearing House ("ACH") and/or any other permitted mode for credit of dividend.

• **Listing on Stock Exchange:**

The Company got listed on Bombay Stock Exchange SME platform, w.e.f. 11th August, 2015.

Scrip Code and Name: 539273 – PECOS

The Listing fee for the year 2018 –19 has been paid by the Company to BSE.

• **Market Price Data of Each Month:**

Month	High	Low	Volume
April-2018	70.15	67.50	8,000
May-2018	69.95	63.50	5,000
June-2018	63.45	63.00	2,000
July-2018	63.50	59.00	4,000
August-2018	-	-	-
September-2018	-	-	-
October-2018	-	-	-
November-2018	-	-	-
December-2018	74.00	50.00	2,000
January-2019	-	-	-
February-2019	-	-	-
March--2019	95.00	56.35	2,09,000

• **Dematerialization of Shares:**

As on 31st March, 2019 all 13,09,875 Equity Shares of the Company were held in dematerialized form.

• **Shareholding Pattern as on 31st March, 2019:**

(i) Distribution of equity shareholding as on March 31, 2019:

Number of Equity Shares held	Number of Shareholders	Number of Shares	% of Capital
1-500	03	4	0.0003
501-1000	13	13000	0.9925
1001-2000	02	4000	0.3054
2001-3000	28	84000	6.4128
3001-4000	04	15001	1.1452
4001-5000	01	5000	0.3817
5001-10000	09	64000	4.8860
10001 and above	16	1124870	85.8761
Total	76	1309875	100

(ii) Categories of equity shareholders as on March 31, 2019:

Category	Number of Equity Shares held	Percentage of holding
Promoters and Promoter Group	850872	64.9582
Clearing Member	11000	0.8398
Hindu Undivided Family	29000	2.2140
Other Bodies Corporate	59000	4.5042
Indian Public	360003	27.4838
Total	1309875	100

• **Registered Office:**

34, Rest House Road,
Bengaluru – 560 001

• **Corporate Office:**

No. 139, 2nd Floor,
Guardian House, Infantry Road,
Bengaluru – 560001

• **Registrar and Transfer Agent:**

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai – 400 083
Tel No : +91 22 49186270 Fax: +91 22 49186060
E-mail id : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.co.in

• **Investors / shareholders correspondence:**

Investors / Shareholders may Correspondence with the company at the Corporate Office of the company at #139, 2nd Floor, Guardian House, Infantry Road, Bengaluru – 560001
Contact info. (088) 25580971, E-mail Id- pecoshotels@gmail.com

VIII. OTHER DISCLOSURES:

• **Related Party Transactions:**

All related party transactions are at arm's length and are not in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the Financial Statements.

• **Strictures and Penalties :**

The company has complied with the requirements of the stock exchange, SEBI and other statutory authorities on all matters related to capital markets since its listing on 11th August, 2015. There were no penalties imposed nor any strictures issued on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

• **Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital to reconcile the total capital held, with the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), and the total issued and listed capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The report, inter alia, confirms that the total listed and paid-up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in physical mode.

• **Code of Conduct:**

All the Board members and Senior Management Personnel (as per Uniform Equity Listing Agreement) have affirmed the compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Annual Report of the Company.

IX. CEO/CFO CERTIFICATION:

The Chief Executive Officer & Chief Financial Officer have certified to the Board in accordance with uniform Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March, 2019 is annexed and forms part of this Report.

X. COMPLIANCE REPORT ON CORPORATE GOVERNANCE:

Pursuant to The SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015, Compliance Report on Corporate Governance is not applicable to our Company as, our Company has been listed on SME Platform

.ANNEXURE V

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

Indian food service industry's market size at Rs. 4,23,865 crore in 2018-19 which is expected to grow at a CAGR of nine per cent to reach Rs. 5,99,782 crore by 2022-23, India Food Services Report 2019, released by the National Restaurant Association of India recently. The product offerings of the industry are of a wide spectrum in terms of both price and quality, responding to a huge demand from every section of society. We see this industry growing at an even faster pace for years to come with India being the youngest country in the world along with an internet and tech-savvy consumer base, having a high disposable income with little time to cook indoors.

2. OPPORTUNITIES & THREATS:

Guest today are very discerning & value conscious, to keep them coming back we need to be consistent in our quality. This gives us an opportunity to carve out a market share for our company that would be profitable and durable over the long term. Sudden changes in government regulation have proved to be a significant threat to our industry. We can however mitigate this threat by wider diversification both geographically and in our product offering. We feel that the future growth of Pecos will come from diversifying into smaller cities. We would be opening the first Pecos outlet outside Bangalore in Pune shortly which will be a huge step in this direction.

3. SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

Your company will concentrate on consolidating and growing its well-established brand "PECOS PUBS" in markets outside Bangalore and other key cities in India. The company is focusing on cities where we are confident of an established fan following of our brand. There is an ongoing process of our research and development to identify new product verticals that can evolve into brands of the future.

4. OUTLOOK:

Your Management holds a very positive outlook for the brand going forward. “Pecos Pubs” was awarded the best pub of 2019 by “INDIA NIGHTLIFE. This is an honor hard won by consistent performance over the years.

5. RISKS AND CONCERNS:

Your company has been dealing with businesses such as competition, attrition, pilferage etc. for decades, and we have developed robust risk mitigation system to address these issues. Regulatory policy especially with regard to alcoholic beverage is a state subject and varies significantly from one state to another. This remains an issue of concern for us.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your company has invested substantial resources into technology and system-based controls for all aspects of business operations. This past year we have implemented a new robust software which enables us to manage all aspects of the business ranging from billing, cost control, material management etc., seamlessly and effectively. Every outlet is subject to real time accounting for sales and purchases. In addition, strict controls are maintained for hygiene and food quality produced.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

We are happy to announce that those unfortunate, unprecedented and unforeseen circumstances for the accounting year 2017-2018 due to the highway ban are now in the past. This year we have relocated one of our Pubs from BTM Layout to Koramangala where we anticipate a much higher volume of business. We are happy to share that the Pub is operationally profitable within 2 months of its operation at the new location. We have also undertaken the expansion of the Indiranagar outlet as we had a huge demand on weekends which was going unfulfilled due to lack of space. We anticipate that to add more to the

overall revenue in Indira Nagar with only a marginal increase in operational costs. This year the addition of one more outlet outside Bangalore in Pune gives us a lot of excitement. The venue should be operational in the month of July. We should be able to put one more outlet in Pune this financial year shortly after the first outlet settles down. The company expects to achieve a much higher level of operational profitability in the current Financial Year.

5. MATERIAL DEVELOPMENT ON HUMAN RESOURCES:

The F&B business continues to be very subjective and dependent on human capital. Your company is fully seized of this reality and continues to invest in training of existing staff to optimize their potential. Fresh talent is also introduced in the company whenever and wherever possible. Your company enjoys the privilege of having a long dedicated loyal work force in an industry which is plagued by alarming attrition rates. We believe that Our commitment to offer the best possible product plus service to our clientele is shared by each and every member of our team. This is the only recipe for our success.

For and on behalf of the Board

Liam Norman Timms
Whole Time Director
(DIN: 06453032)

Date: 29-06-2019

Place: Bengaluru

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:**

I, Liam Norman Timms (**DIN: 06453032**), Whole Time Director of **PECOS HOTELS AND LIMITED**, declare that all the Board Members and Senior Management Personnel have complied with the Code of Conduct applicable to them for the financial year ended March 31, 2019.

Place: Bengaluru
Date: 29.06.2019

Liam Norman Timms
Whole Time Director
(DIN: 06453032)

CEO/CFO CERTIFICATION

**To,
The Board of Directors
PECOS HOTELS AND PUBS LIMITED**

I, Jimmy Kuruvila, the Executive Director & CEO (DIN: 07127919) of the Company and I, Shailesh B. M., the Chief Financial Officer (CFO) of the Company do hereby certify to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year ending 31st March, 2019 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material factor or contain statements that might be misleading;
 - i. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
 - i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Place: Bengaluru
Date: 29-06-2019**

**Jimmy Kuruvila
(Executive Director & CEO)**

**Shailesh B. M.
(Chief Financial Officer)**

PRACTICING COMPANY SECRETARIES REPORT ON CORPORATE GOVERNANCE

To
The Members
PECOS HOTELS AND PUBS LIMITED
CIN-L55101KA2005PLC035603
No. 34, Rest House Road,
Bengaluru - 560001

I have examined all the relevant records of PECOS HOTELS AND PUBS LIMITED ((CIN: L55101KA2005PLC035603) ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 31st March, 2019 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015('the Listing Regulations').

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

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the financial year ended on 31st March, 2019.

I 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,
Vinay Agrawal & Associates,
(Company Secretaries)

Vinay Mangal Agrawal
Proprietor
M. No. : A45715, COP No.: 16680
Date: 04.07.2019
Place(Raipur)

INDEPENDENT AUDITOR'S REPORT

To the Members of
M/s. Pecos Hotels and Pubs Limited

Report on the Audit of the Financial Statements

Opinion:

We have audited the financial statements of Pecos Hotels and Pubs Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters:

Key audit matters 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 that there are no key audit matters to communicate in our report.

Other Information:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board

of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are 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.

A further description of our responsibilities for the audit of the financial statements is included in Annexure A to this auditor's report. Such description forms integral part of this report.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is

disqualified as on 31st 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 C”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position as on 31st March 2019
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Balakrishna & Co.,
Chartered Accountants
Firm registration number: 004835S

Place: Bengaluru
Date: 17th May, 2019

CA Kumar Prasad B E
Partner
Membership number: 204844

Annexure A to Independent Auditor's report:

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.

Annexure B to Independent Auditor's report:

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Pecos Hotels and Pubs Limited of even date)

- (i) According to the information and explanations given to us:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management and there were no material discrepancies noted during such verification.
 - (c) The company does not own any immovable property.
- (ii) The company has conducted physical verification of inventories at reasonable intervals, and no material discrepancies were noted.
- (iii) The Company has not granted loans or advances to any person covered in the register maintained under Section 189 of the Companies Act, 2013 during the year, and accordingly, reporting under clause (iii) of Paragraph 3 of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for business line of the Company.
- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company:
 - (a) Undisputed statutory dues including provident fund, or employees' state insurance, income tax, Goods and services tax, value added tax, cess have been regularly deposited by the company with the appropriate authorities in all case during the year.
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, duties of excise, service tax, and other material statutory dues were in arrears as at 31 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, there are no material dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and services tax which have not been deposited with the appropriate authorities on account of any dispute.

- (viii) The company has not defaulted in repayment of loans or borrowings from bank.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year, and hence reporting under clause (ix) of the Order is not applicable
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Balakrishna & Co.,
Chartered Accountants
Firm registration number: 004835S

Place: Bengaluru
Date: 17th May, 2019

CA Kumar Prasad B E
Partner
Membership number: 204844

Annexure C to Independent Auditor's report:

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Pecos Hotels and Pubs Limited of even date)

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

We have audited the internal financial controls over financial reporting of Pecos Hotels and Pubs Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

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

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

Meaning of Internal Financial Controls over Financial Reporting:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

Opinion:

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Balakrishna & Co.,
Chartered Accountants
Firm registration number: 004835S

Place: Bengaluru
Date: 17th May, 2019

CA Kumar Prasad B E
Partner
Membership number: 204844

Pecos Hotels and Pubs Limited
Annual Report 2018-19

PECOS HOTELS AND PUBS LIMITED

CIN:L55101KA2005PLC035603

Balance Sheet as at 31st March, 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	Note	As at 31st March, 2019	As at 31st March, 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	1,30,98,750	1,30,98,750
Reserves and surplus	2	2,96,54,683	2,62,11,825
Non-current liabilities			
Long-term borrowings	3	-	14,95,000
Current liabilities			
Short-term borrowings	4	69,903	26,38,644
Trade payables			
a) Micro and Small enterprises (refer Note 22.4)		-	-
b) Other parties		13,21,354	6,59,310
Other current liabilities	5	20,36,923	15,07,659
Short-term provisions	6	24,81,857	23,32,553
TOTAL		4,86,63,470	4,79,43,741
ASSETS			
Non-current assets			
Fixed assets	7		
Property, plant and equipment		1,76,40,375	1,44,93,753
Intangible assets		1,39,222	2,71,069
Capital work-in-progress		15,75,247	7,75,000
Non-current investments	8	-	55,00,000
Deferred tax assets (net)		16,91,052	9,95,714
Long-term loans and advances	9	1,11,84,992	64,35,292
Other non-current assets	10	4,58,681	9,17,367
Current assets			
Inventories	11	18,02,300	15,03,090
Trade receivables	12	3,10,233	19,77,622
Cash and cash equivalents	13	76,64,017	33,38,572
Short-term loans and advances	14	59,47,299	1,17,24,813
Other current assets	15	2,50,052	11,449
TOTAL		4,86,63,470	4,79,43,741
Accounting policies and other notes	22		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Balakrishna & Co.,

Chartered Accountants

Firm registration number : 0048355

[CA Kumar Prasad B.E]

Partner

Membership Number: 204844

[Liam Norman Timms]

Director

DIN : 06453032

[Jimmy Kuruvila]

Director

DIN : 07127919

[Shailesh B.M.]

Chief financial officer

[Mala Poddar]

Company Secretary

Bengaluru : 17th May, 2019

Pecos Hotels and Pubs Limited
Annual Report 2018-19

PECOS HOTELS AND PUBS LIMITED

CIN:L55101KA2005PLC035603

Statement of Profit and Loss for the year ended 31st March, 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
REVENUE			
Revenue from operations	16	7,47,87,705	6,63,68,488
Other income	17	4,00,290	97,944
TOTAL REVENUE		7,51,87,995	6,64,66,432
EXPENSES			
Purchases of stock-in-trade		2,54,12,421	2,24,04,975
Changes in inventories	18	(2,99,210)	(2,62,806)
Employee benefits expense	19	1,94,11,893	1,83,82,716
Finance costs	20	6,480	4,050
Depreciation and amortisation expense	7	40,57,970	41,89,783
Other expenses	21	2,07,22,109	1,89,41,130
TOTAL EXPENSES		6,93,11,663	6,36,59,848
Profit / (Loss) before tax		58,76,332	28,06,584
Tax expense:			
Current tax expense for current year		24,81,857	13,36,449
Current tax expense relating to prior years		12,306	22,830
Deferred tax expense / (income)		(6,95,338)	(1,56,572)
PROFIT FOR THE YEAR		40,77,507	16,03,877
Earnings per share (of Rs.10 each)			
Basic		3.11	1.22
Diluted		3.11	1.22

Significant accounting policies and notes to acc 22

The accompanying notes are an integral part of these financial statements

As per our report of even date For and on behalf of the Board of Directors

For Balakrishna & Co.,

Chartered Accountants

Firm registration number : 0048355

[CA Kumar Prasad B.E]

Partner

Membership Number: 204844

[Liam Norman Tir Jimmy Kuruvila]

Director

DIN : 06453032

Director

DIN : 07127919

[Shailesh B.M.] [Mala Poddar]

Chief financial officer Company Secretary

Bengaluru : 17th May, 2019

Pecos Hotels and Pubs Limited
Annual Report 2018-19

PECOS HOTELS AND PUBS LIMITED

CIN:L55101KA2005PLC035603

Cash Flow Statement for the year ended 31st March, 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	As at 31st March, 2019	As at 31st March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	58,76,332	28,06,584
Adjustments for:		
Depreciation and amortisation expenses	40,57,970	41,89,783
(Profit)/Loss on fixed assets sold, scrapped, etc. (net)	9,76,621	-
Interest income	(3,95,290)	(88,418)
Interest expense	-	591
	46,39,301	41,01,956
Cash Generated from operations before working capital changes	1,05,15,633	69,08,540
Adjustments for:		
(Increase)/decrease in inventories	(2,99,210)	(2,62,806)
(Increase)/decrease in trade receivables	16,67,389	(19,37,743)
(Increase)/decrease in short-term loans and advances	26,49,664	16,48,712
(Increase)/decrease in long-term loans and advances	(47,49,700)	11,51,708
(Increase)/decrease in other non-current assets	4,58,686	4,58,686
Increase/(decrease) in trade payables	6,62,044	(28,53,977)
Increase/(decrease) in other current liabilities	5,29,264	2,05,344
	9,18,137	(15,90,076)
Cash generated from operations	1,14,33,770	53,18,464
Taxes paid (net of refunds)	(36,66,176)	(9,31,967)
Net cash generated from operating activities - [A]	77,67,594	43,86,497
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible/intangible assets	(62,86,531)	(92,15,451)
Sale proceeds of tangible/intangible assets	73,86,085	-
Interest received	1,56,687	8,76,052
Net cash generated/(used in) from investing activities - [B]	12,56,241	(83,39,399)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings taken / (repaid) net	(40,63,741)	17,00,115
Interest paid	-	(591)
Dividends paid	(5,26,950)	-
Dividend distribution tax paid	(1,07,699)	-
Net cash used in financing activities - [C]	(46,98,390)	16,99,524
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	43,25,445	(22,53,378)
Cash and cash equivalents at the beginning of the year	33,38,572	55,91,950
Cash and cash equivalents at the end of the year	76,64,017	33,38,572
Cash and cash equivalents comprise of:		
Cash on hand	16,28,590	16,40,863
Balances with banks:		
In current accounts	5,17,294	12,20,153
Term deposits with original maturity of less than three months	55,18,133	4,77,556
	76,64,017	33,38,572

Pecos Hotels and Pubs Limited

Annual Report 2018-19

Notes:

- i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements"
- ii) Cash comprises cash on hand, Current Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our report of even date
For Balakrishna & Co.,
Chartered Accountants
Firm registration number : 004835S

For and on behalf of the Board of Directors

[CA Kumar Prasad B.E]
Partner
Membership Number: 204844

[Liam Norman Timms]
Director
DIN : 06453032

[Jimmy Kuruvila]
Director
DIN : 07127919

[Shailesh B.M.]
Chief financial officer

[Mala Poddar]
Company Secretary

Bengaluru : 17th May, 2019

Pecos Hotels and Pubs Limited
Annual Report 2018-19

PECOS HOTELS AND PUBS LIMITED

Notes to the financial statements for the year ended 31st March, 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	As at 31st March, 2019	As at 31st March, 2018
1 SHARE CAPITAL		
Authorised		
20,00,000 equity shares of Rs.10/- each	2,00,00,000	2,00,00,000
(Previous year: 20,00,000 equity shares of Rs.10/- each)		
	2,00,00,000	2,00,00,000
Issued, subscribed and fully paid up		
13,09,875 equity shares of Rs.10/- each	1,30,98,750	1,30,98,750
(Previous year: 13,09,875 equity shares of Rs.10/- each)		
TOTAL ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	1,30,98,750	1,30,98,750
2 RESERVES AND SURPLUS		
Securities premium account		
Opening balance	1,69,28,340	1,69,28,340
Add / (less) : Movements during the year:		
Premium on shares issued during the year	-	-
Closing balance	1,69,28,340	1,69,28,340
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	92,83,485	76,79,608
Add / (less) : Movements during the year:		
Profit / (Loss) for the year	40,77,507	16,03,877
Dividend to shareholders	(5,26,950)	-
Dividend distribution tax	(1,07,699)	-
Closing balance	1,27,26,343	92,83,485
TOTAL RESERVES AND SURPLUS	2,96,54,683	2,62,11,825
3 LONG-TERM BORROWINGS		
Loans from related parties		
Unsecured	-	14,95,000
TOTAL LONG-TERM BORROWINGS	-	14,95,000
4 SHORT-TERM BORROWINGS		
Loans repayable on demand - from banks		
Unsecured	44	44
Loans and advances from related parties:		
Unsecured	69,859	26,38,600
TOTAL SHORT-TERM BORROWINGS	69,903	26,38,644
5 OTHER CURRENT LIABILITIES		
Statutory remittances payable	4,17,843	3,59,296
Employee benefits payable	11,72,218	8,98,633
Accrued expenses	4,46,862	2,49,730
TOTAL OF OTHER CURRENT LIABILITIES	20,36,923	15,07,659

Pecos Hotels and Pubs Limited
Annual Report 2018-19

6 SHORT-TERM PROVISIONS		
Provision - Others		
Provision for tax	24,81,857	23,32,553
TOTAL OF SHORT-TERM PROVISIONS	24,81,857	23,32,553
8 NON-CURRENT INVESTMENTS		
Investment in 3Dots Hospitality LLP (Refer Note 22.9)	-	55,00,000
TOTAL OF NON-CURRENT INVESTMENTS	-	55,00,000
9 LONG-TERM LOANS AND ADVANCES		
Security deposits		
Unsecured, considered good	1,10,59,992	63,10,292
	1,10,59,992	63,10,292
Loans and advances to related parties		
Unsecured, considered good	1,25,000	1,25,000
	1,25,000	1,25,000
TOTAL OF LONG-TERM LOANS AND ADVANCES	1,11,84,992	64,35,292
10 OTHER NON-CURRENT ASSETS		
Legal expenses on IPO	4,58,681	9,17,367
TOTAL OF OTHER NON-CURRENT ASSETS	4,58,681	9,17,367
11 INVENTORIES		
Stock-in-trade	18,02,300	15,03,090
TOTAL INVENTORIES	18,02,300	15,03,090
12 TRADE RECEIVABLES		
Other Trade receivables		
Unsecured, considered good	3,10,233	19,77,622
TOTAL TRADE RECEIVABLES	3,10,233	19,77,622
13 CASH AND CASH EQUIVALENTS		
Balances with banks	5,17,294	12,20,153
Cash on hand	16,28,590	16,40,863
Fixed deposits with banks	55,18,133	4,77,556
TOTAL CASH AND CASH EQUIVALENTS	76,64,017	33,38,572
14 SHORT-TERM LOANS AND ADVANCES		
Loans and advances to employees		
Unsecured, considered good	5,74,975	7,16,275
Prepaid expenses - Unsecured, considered good	1,56,661	89,979
Advance Income Tax - Unsecured, considered good	20,74,576	7,53,259
Advances to vendors	31,41,087	34,47,613
Other advances	-	44,49,167
Balances with government authorities - Unsecured, considered good	-	22,68,520
TOTAL SHORT-TERM LOANS AND ADVANCES	59,47,299	1,17,24,813
15 OTHER CURRENT ASSETS		
Interest accrued on deposits with banks	2,50,052	11,449
TOTAL OF OTHER CURRENT ASSETS	2,50,052	11,449

Pecos Hotels and Pubs Limited
Annual Report 2018-19

PECOS HOTELS AND PUBS LIMITED

Notes to the financial statements for the year ended 31st March, 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended 31st March, 2019	Year ended 31st March, 2018
16 REVENUE FROM OPERATIONS		
Sale of services :		
Income from sale of food and beverages	7,47,87,705	6,63,68,488
TOTAL REVENUE FROM OPERATIONS	7,47,87,705	6,63,68,488
17 OTHER INCOME		
Interest income	3,95,290	88,418
Other non-operating income (net of expenses directly attributable)	5,000	9,526
TOTAL OTHER INCOME	4,00,290	97,944
18 CHANGES IN INVENTORIES		
Inventories at the end of the year:		
Stock-in-trade	18,02,300	15,03,090
Inventories at the beginning of the year:		
Stock-in-trade	15,03,090	12,40,284
NET (INCREASE) / DECREASE	(2,99,210)	(2,62,806)
19 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	1,72,51,391	1,57,48,938
Directors' remuneration	2,50,000	2,40,000
Contributions to provident and other funds	4,93,317	7,93,556
Staff welfare expenses	14,17,185	16,00,222
TOTAL EMPLOYEE BENEFITS EXPENSE	1,94,11,893	1,83,82,716
20 FINANCE COSTS		
Interest expense on:		
Borrowings	-	591
Delayed / deferred payment of income tax	6,480	3,459
TOTAL FINANCE COSTS	6,480	4,050

Pecos Hotels and Pubs Limited
Annual Report 2018-19

21 OTHER EXPENSES

Bank charges	5,54,920	1,22,765
Power, fuel and water charges	24,14,518	29,73,614
Rent including lease rentals	81,35,924	69,73,287
Repairs and maintenance - Office	3,95,710	3,40,401
Repairs and maintenance - Machinery	31,624	34,392
Repairs and maintenance - Others	27,85,935	26,59,930
Registrations, rates and taxes	6,50,115	8,17,816
Communication	1,18,872	2,92,151
Travelling and conveyance	6,94,369	6,72,108
Printing and stationery	1,66,211	3,23,705
Housekeeping and security	1,01,804	3,68,975
Commission and discounts	1,76,620	43,960
Business promotion (including Advertisement)	8,06,742	5,16,898
Donations and contributions	10,000	-
Legal and professional	17,02,688	17,97,883
Payments to auditors		
i) For statutory audit	55,000	50,000
ii) For tax audit	30,000	25,000
Loss on fixed assets sold / scrapped / written off - net (refer Note 22.9)	9,76,621	-
Amortisation of legal expenses on Initial public offer	4,58,686	4,58,686
Miscellaneous expenses	4,55,750	4,69,559
TOTAL OTHER EXPENSES	2,07,22,109	1,89,41,130

Pecos Hotels and Pubs Limited
Annual Report 2018-19

PECOS HOTELS AND PUBS LIMITED

Notes to the financial statements for the year ended 31st March, 2019

7 - FIXED ASSETS AS AT 31-MAR-2019

Particulars	Gross block / Original cost			Accumulated depreciation			Net block	
	As at 31st March, 2018	Additions	Disposals / transfers	As at 31st March, 2019	As at 31st March, 2018	Charge for the year	As at 31st March, 2019	As at 31st March, 2018
PROPERTY, PLANT AND EQUIPMENT								
Computers	4,18,819	-	-	4,18,819	3,77,883	21,025	3,98,908	19,911
Plant and Equipment	2,32,854	-	-	2,32,854	2,08,658	6,595	2,15,253	17,601
Furniture and Fixtures	70,53,590	7,18,305	-	77,71,895	40,48,618	9,78,939	50,27,557	27,44,338
Vehicles	12,33,844	-	-	12,33,844	11,72,152	38,212	12,10,364	23,480
Office equipment	58,57,980	15,58,461	-	74,16,441	32,63,937	15,01,475	47,65,412	26,51,029
Leasehold improvements	1,08,98,869	1,31,58,685	95,21,119	1,45,36,435	21,30,955	13,79,878	23,52,420	1,21,84,015
	2,56,95,956	1,54,35,451	95,21,119	3,16,10,288	1,12,02,203	39,26,123	1,39,69,914	1,76,40,375
INTANGIBLE ASSETS								
Goodwill	12,03,971	-	-	12,03,971	9,53,143	1,20,397	10,73,540	1,30,431
Computer software	45,800	-	-	45,800	25,559	11,450	37,009	8,791
	12,49,771	-	-	12,49,771	9,78,702	1,31,847	11,10,549	1,39,222
CAPITAL WORK IN PROGRESS	7,75,000	15,75,247	7,75,000	15,75,247	-	-	-	15,75,247
TOTAL FIXED ASSETS	2,77,20,727	1,70,10,698	1,02,96,119	3,44,35,306	1,21,80,905	40,57,970	1,50,80,463	1,93,54,844

FIXED ASSETS AS AT 31-MAR-2018

Particulars	Gross block / Original cost			Accumulated depreciation			Net block	
	As at 31st March, 2017	Additions	Disposals / transfers	As at 31st March, 2018	As at 31st March, 2017	Charge for the year	As at 31st March, 2018	As at 31st March, 2017
PROPERTY, PLANT AND EQUIPMENT								
Computers	4,18,819	-	-	4,18,819	3,01,514	76,369	3,77,883	1,17,305
Plant and Equipment	2,32,854	-	-	2,32,854	1,89,772	18,886	2,08,658	24,196
Furniture and Fixtures	44,98,353	25,55,237	-	70,53,590	33,45,551	7,03,067	40,48,618	30,04,972
Vehicles	12,33,844	-	-	12,33,844	11,21,953	50,199	11,72,152	61,692
Office equipment	43,71,425	14,86,555	-	58,57,980	21,85,477	10,78,460	32,63,937	25,94,043
Leasehold improvements	65,00,210	43,98,659	-	1,08,98,869	-	21,30,955	21,30,955	87,67,914
	1,72,55,505	84,40,451	-	2,56,95,956	71,44,267	40,57,936	1,12,02,203	1,01,11,238
INTANGIBLE ASSETS								
Goodwill	12,03,971	-	-	12,03,971	8,32,746	1,20,397	9,53,143	2,50,828
Computer software	45,800	-	-	45,800	14,109	11,450	25,559	20,241
	12,49,771	7,75,000	-	12,49,771	8,46,855	1,31,847	9,78,702	2,71,069
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-
TOTAL FIXED ASSETS	1,85,05,276	92,15,451	-	2,77,20,727	79,91,122	41,89,783	1,21,80,905	1,05,14,154

Note 22 - Notes to the financial statements for the year ended March 31, 2019

22.1. The Company and nature of its operations:

Pecos Hotels and Pubs Limited (hereinafter referred to as “Pecos” or “the company”) is public limited company incorporated under erstwhile Companies act 1956 having its registered office located at No 34, Rest House Road, Bangalore -560 001. The company is into the business of running of hotels and pubs in Bangalore, Pune, Hyderabad and Nasik. The shares of the company are listed in Bombay stock exchange and registered share transfer agent is Link Intime India Private Limited.

22.2. Summary of significant accounting policies:

a) Basis of preparation of financial statements

The financial statements have been prepared on the basis of a going concern assumption, on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guideline issued by SEBI, to the extent applicable and the provisions of the Companies Act, 2013 as adopted consistently by the Company. All assets and liabilities have been classified as current or noncurrent based on an assumption of 12 months operating cycle.

b) Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives

using the written down value method. The estimated useful lives of assets are as follows:

Asset	Estimated useful life
Furniture and fixtures	8 years
Office equipment	5 years
Computers	3 years
Plant and machinery	15years
Electrical Fittings	10 years

Leasehold improvements are depreciated on a straight line basis over the period of ten years, being Management's estimation of useful life.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred.

d) Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their useful lives as follows:

Goodwill	10 years
Software's	4 years

e) Capital work-in-progress:

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

f) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Costs of materials are determined by the FIFO method.

g) Revenue recognition

The company primarily earns revenue from the sale of beer, food and beverages at the outlets. Revenue has been recognized on the following terms:

- i) Revenue from sale of beer, food and beverages is recognized upon sale of goods and rendering of services adjusted for discounts provided to the customers.
- ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and interest rate applicable.

h) Retirement and other benefits to employees

i) Provident fund

The company makes regular monthly contributions to the Provident Fund which is in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue.

ii) Leave encashment / Compensated absences

As per policy of the Company, the Company does not allow any carry forward of accumulated leave balance to next financial year. Therefore no amount has been provided for in the books as at balance sheet date.

i) Foreign currency transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognized in the Statement of Profit and Loss.

j) Accounting for taxes on income

- i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.
- ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of their realization. Other deferred tax assets are recognized only when there is a reasonable certainty of their realization

k) Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

l) Provisions and Contingent Liabilities

A provision is recognized when the Company has a Present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent liabilities, if any are disclosed in the Notes.

m) Earnings Per Share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

22.3. Information on share capital:

All equity shares of the company belong to the same class, carrying equal rights and voting powers. There are no preferences attached to any shares.

- a) Reconciliation of number of shares outstanding at the beginning of the year and at the end of the year is as follows:

Particulars	FY 2018-19	FY 2017-18
Equity shares at the beginning of the year	13,09,875	13,09,875
Add: Shares issued	-	-
Less: Shares bought back	-	-
Balance as at the end of the year	13,09,875	13,09,875

- b) Following are the details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31-Mar-2019		As at 31-Mar-2018	
	No. of shares	% of holding	No. of shares	% of holding
Fully paid-up equity shares of Rs. 10/- each:				
Collin Richard Timms	4,64,995	35.50%	4,64,995	35.50%
Olinda Timms	3,15,000	24.05%	3,15,000	24.05%
Delfin International Limited	70,875	5.41%	70,875	5.41%

- c) No shares are reserved for issue under options and contracts/commitments for the sale of shares / disinvestment.
- d) There are no shares that were issued / allotted pursuant to contract without payment being received in cash or by way of bonus shares, and there are no shares bought back till the end of reporting period.
- e) There are no shares with calls unpaid / forfeited shares

22.4. Details relating to Micro, Small and Medium Enterprises, in accordance with the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

SI	Particulars	As at 31-Mar-2019	As at 31-Mar-2018
(a)	Principal amount remaining unpaid to any supplier	-	-
(b)	Interest due thereon	-	-
(c)	Amount of interest paid by the Company in terms of Section 16 of the MSMED Act	-	-
(d)	Amount of payment made to supplier beyond the appointed day, during the year	-	-
(e)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(f)	Amount of interest accrued and remaining unpaid as at end of the year	-	-
(g)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

This disclosure is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. This information is provided by the Management and relied upon by the Auditors.

22.5. Deferred tax assets/liabilities (net):

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Deferred tax assets:		
Provision for bonus	74,246	73,338
Due to difference in WDV as per books and tax purposes	16,16,806	9,22,376
Net deferred tax asset / (liability)	16,91,052	9,95,714

22.6. Capital commitments:

There are no capital commitments pending to be executed as at the end of financial years 2017-18 and 2018-19.

22.7. Contingent liabilities and commitments (to the extent not provided for):

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Contingent liabilities being:		
a) Claims against the company not acknowledged as debt	-	-
b) Bank Guarantees	-	3,50,000
c) Other money for which the company is contingently liable	-	-
Commitments being:		
a) Estimated amount of contracts remaining to be executed on capital account	-	-
b) Uncalled liability on shares and other investments partly paid	-	-
c) Other commitments	-	-

**Bank guarantee has been released on 31 December 2018 and company is yet to apply for release of guarantee*

22.8. Reclassification of leasehold improvements:

The Company has been incurring costs of improving leasehold properties into restaurants. Such costs have been disclosed in the financial statements till FY 2017-18 as “Pre-operative expenses” under Non-Current Assets. As these are part of property, plant and equipment, such amounts are now reclassified and stated under Note 7 as “Leasehold improvements”. Similarly, costs of amortisation have been disclosed under “Other expenses” in the Statement of Profit and Loss. These are now reclassified and included in Depreciation and amortisation expense. The company’s policy on leasehold improvements has been disclosed in Note 22.2 (c). This reclassification does not have any impact on the Statement of profit and loss.

22.9. Investments:

The Company had entered into an arrangement with 3Dots Hospitality LLP and its partners and invested Rs.55 lakhs in the firm during 2016-17. Due to various business reasons, and on account of failure of partners of 3Dots Hospitality LLP to comply with covenants agreed upon earlier, the Company had amended the arrangement to take over assets of the firm in the form of investments into tangible assets at restaurants in lieu of investment into capital of 3Dots Hospitality LLP. The Company had invested in improvements of these restaurants but due to business reasons, had to dispose corresponding outlets for consideration. Resultant loss on disposal amounting to Rs.9.76 lakhs has been charged in the Statement of Profit and Loss.

22.10. Details of Purchased goods:

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Beer	1,33,83,233	96,83,837
Food And other beverages	1,20,36,614	1,61,70,213
Total	2,54,19,847	2,58,54,050

22.11. Details of goods sold:

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Beer	4,41,07,974	2,71,73,662

Food And other beverages	3,06,79,731	3,91,94,826
Total	7,47,87,705	6,63,68,488

22.12. Payments to auditors include:

Payments	Year ended 31-Mar-2019	Year ended 31-Mar-2018
As Statutory Auditor	55,000	50,000
For tax Audit	30,000	25,000
Total	85,000	75,000

22.13. Expenditure in foreign currency: None

22.14. Particulars of dividends remitted in foreign currencies to non-resident shareholders: None

22.15. Earnings in foreign exchange: None

22.16. Segment reporting:

As the Company's business activities falls within a single primary business segment and a geographical segment, the disclosure requirements of Accounting Standard 17 "Segment Reporting" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 are not applicable.

22.17. Related party disclosures:

a. Names of related parties and nature of relationship:

i. Key Management Personnel (KMP):

Name of the Key Management Personnel	Nature of relationship
Collin Richard Timms	Chief Executive Officer
Olinda Timms	Director
Koilpillai Joseph Davaraj	Director
Nina Nayar	Director
Lloyd John Pereira	Director

Liam Norman Timms	Director
Jimmy Kuruvila	Director (appointed on 18-Aug-2018)
Shailesh B.M	Chief Financial Officer
Mala Poddar	Company Secretary

ii. Enterprises in which Key Management Personnel exercise significant influence:

- 1) Delfin International Limited
- 2) Commits Education Private Limited
- 3) GSK Enterprises Private Limited
- 4) Guardian Health Management Private Limited
- 5) C N Professional & Legal Services Private Limited
- 6) Guardian Medical Services Private Limited
- 7) Sol Aqua Nova Engineering company Private Limited
- 8) Spot City Transit Services Private Limited
- 9) Elcity Golf LLP
- 10)E-Mission Solutions Private Limited
- 11)Otco Infotech Limited Private Limited

b. Transactions during the year:

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Unsecured loan taken during the year:		
Collin Richard Timms	-	20,00,000
Repayment of loan:		
Delfin International Ltd	5,45,000	55,000
Remuneration:		
Collin Richard Timms	2,50,000	2,40,000
Liam Timms	4,20,000	4,20,000
Jimmy Kuruvila	19,74,491	-
Rent Paid:		

Collin Richard Timms	9,34,560	7,32,000
Olinda Timms	7,92,000	7,32,000
Purchase of Beer:		
Collin Richard Timms	32,87,512	18,40,596

c. Balances as at the year-end:

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Non-current liability:		
Unsecured Loan from Collin Richard Timms	69,859	35,88,600
Unsecured Loan from Delfin International Ltd	-	5,45,000
Salaries payable:		
Jimmy Kuruvila	1,23,000	-
Liam Timms	33,910	33,910

22.18. Earnings per share (EPS) for each share with face value of Rs.10 has been computed as under:

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
(a) Profit / (loss) for the year	40,77,507	16,03,877
(b) Weighted average no. of ordinary shares outstanding	13,09,875	13,09,875
(c) Effect of potential shares on ESOP / convertible securities	-	-
(d) Weighted average no. of shares to compute diluted EPS	13,09,875	13,09,875
(e) Earning per share on profit for the year:		
- Basic EPS [(a)/(b)]	3.11	1.22
- Diluted EPS [(a)/(d)]	3.11	1.22

22.19. All amounts are in Indian Rupees unless otherwise specified therein. The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

As per our attached report of even date.

For Balakrishna & Co.,
Chartered Accountants
Firm Registration Number: 004835S

For and on behalf of the Board of Directors

[CA Kumar Prasad B.E]
Partner
Membership Number: 204844

[Liam Norman Timms]
Director
DIN: 06453032

[Jimmy Kuruvila]
Director
DIN: 07127919

[Shailesh B.M]
Chief Financial Officer

[Mala Poddar]
Company Secretary

Date: 17th May, 2019

Place: Bengaluru

PECOS HOTELS AND PUBS LIMITED

(CIN: L55101KA2005PLC035603)

**Regd. Office: #34, Rest House Road,
Bangalore 560001**

Tel: ((080) 25580971, Fax: (080) 41464692

E mail ID: pecoshotels@gmail.com, website: www.pecospub.com

Form 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]**

Name of the Member(s):

Registered Address:

E mail ID:

Folio No. / Client ID: DP ID No.:

I/ We being the members of Shares of Pecos Hotels and Pubs Limited,
hereby appoint

1. Name: E mail ID:

Address:

..... Signature:

or failing him

2. Name: E mail ID:

Address:

..... Signature:

or failing him

3. Name: E mail ID:

Address:

..... Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the
Fourteenth Annual General Meeting of the Company to be held on Monday, July
29th, 2019 at 11:00 A. M. at #139, 2nd Floor, Guardian House (Gurumurthy Bhavan)
Infantry Road, Bengaluru – 560001 and at any adjournment thereof in respect of such
resolutions as are indicated below:

Sr. No.	Resolution	Vote	
		For	Against
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the reports of the Board of Directors and the Auditors thereon.(Ordinary Resolution)		
2	Examination of the recommendation of the Board of Directors as to the declaration of a Final Dividend of Rs. 1 per share of Rs. 10 each fully paid up for the year ended March 2019(Ordinary Resolution)		
3	To appoint a Director in place of Mr. Jimmy Kuruvila (DIN: 07127919), who retires by rotation and, being eligible, offers himself for re-appointment as an Executive Director & CEO.(Ordinary Resolution)		
4	To Appoint Mr. Pradosh Dhanaraj as an Executive Director of the company for 5 years from the conclusion of this annual General Meeting 2019 till the conclusion of the(2024) Annual General Meeting of the Company, subject to ratification of his appointment by the shareholders in every Annual General Meeting (Ordinary Resolution)		
5	Revision in the remuneration of Mr. Jimmy Kuruvila (DIN: 07127919), Executive Director & CEO of the Company. (Ordinary Resolution)		
6	Revision in the remuneration of Mr. Liam Norman Timms (DIN: 06453032), Whole Time Director of the Company. (Ordinary Resolution)		
7	Revision in the remuneration of Mr. Pradosh Dhanaraj (DIN: 08424421), Director of the Company. (Ordinary Resolution)		

Signed this Day of 2019

Affix
Revenue
Stamp

Signature of shareholder Signature of Proxyholder(s)

NOTE:

This form in order to be effective should be duly completed and deposited at the Corporate Office of the Company at 139, Guardian House, 2nd Floor, Infantry Road, Bengaluru – 560001 not less than 48 hours before the commencement of the Meeting.

PECOS HOTELS AND PUBS LIMITED

(CIN: L55101KA2005PLC035603)

**Regd. Office: #34, Rest House Road,
Bengaluru - 560001**

Tel: (080) 25580971, Fax: (080) 41464692

E mail ID: pecoshotels@gmail.com, website: www.pecospub.com

ATTENDANCE SLIP

Folio No. _____ DP ID No. _____ Client ID No. _____

I hereby record my presence at the 14th Annual General Meeting of the Company to be held on 29th day of July, 2019 at 11:00 A.M. at the Corporate Office of the Company situated at 139, 2nd Floor, Guardian House (Gurumurthy Bhavan) Infantry Road, Bengaluru – 560001 India.

Name of the Shareholder:

Name of the Proxy:

Signature of Proxy/ Member:

1. Only members/ Proxy holder can attend the meeting.
2. Member/ Proxy holder should bring his/ her copy of the Annual Report for the reference at the Meeting.

Note: Members are requested to bring their copies of Annual Report to the Meeting.

PECOS HOTELS AND PUBS LTD

Registered Address

#34, Rest House Road,
Bangalore 560001

Corporate Office

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